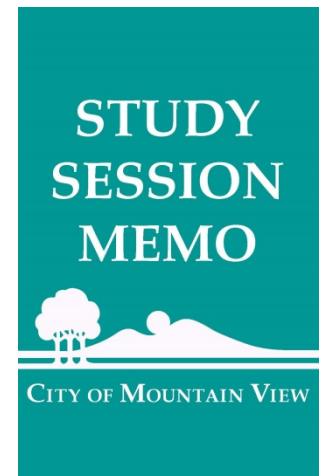


**DATE:** April 29, 2014  
**TO:** Honorable Mayor and City Council  
**FROM:** Daniel H. Rich, City Manager  
**TITLE:** Fiscal Year 2014-15 Narrative Budget Report



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## **PURPOSE**

This Study Session provides the City Council an opportunity to review and discuss the Fiscal Year 2014-15 Narrative Budget Report which is the foundation for a proposed balanced budget. The Proposed Budget will be discussed by the City Council at Public Hearings on June 10 and June 17 and is scheduled for adoption on June 17, 2014. The information in this report is for the major funds: General Operating Fund, Building/Development Services, Shoreline Golf Links, former Revitalization Authority, Shoreline Regional Park Community, Water, Wastewater, Solid Waste Management, and Reserves. For each fund, the report includes a current fiscal year status update for revenues, expenditures, and balance available, as well as budget recommendations for Fiscal Year 2014-15. For greater context, a 10-Year Long-Range Financial Forecast for the General Operating Fund has been prepared and is included in this document. In addition, staff is providing City Council with an update of the Fiscal Years 2013-14 and 2014-15 two-year Major Goals and requesting confirmation of their continuation and the projects to support them (see Attachment 1).

## **EXECUTIVE SUMMARY**

### **General Operating Fund**

Fiscal Year 2013-14 revenues are estimated to exceed budget and expenditures are estimated below budget. This results in an estimated \$4.8 million operating balance, which is recommended to be used to fund limited-period expenditures and supplement reserves to meet policy levels for Fiscal Year 2014-15. In addition, it is recommended to contribute some of the funds available to the Retirees' Health Trust Fund and Public Employees' Retirement System (PERS) to increase the funding status of those liabilities. The remaining balance, up to \$2.0 million, is recommended to supplement the Capital Improvement Program.

Revenues are projected to continue to grow through Fiscal Year 2014-15 at a level more than sufficient to fund expenditures with a projected operating balance of \$2.0 million after inclusion of the recommendations and allowing for \$2.0 million of budget savings. In the 10-Year Long-Range Financial Forecast (Forecast), revenues are projected to continue growing, but given the 10-year time frame of the Forecast, the Forecast assumes a recession will occur during this period. It is unknown when or if a recession will occur, but staff has built in the impact of a recession beginning in Fiscal Year 2019-20. At that point, deficit balances are projected and continue for the remaining Forecast period.

### **Other Funds**

- Building/Development Services: The Building Services Fund is in good financial condition and is able to meet its financial obligations. Development activity for Fiscal Year 2013-14 remains strong and is anticipated to continue into the upcoming fiscal year. Fiscal Year 2014-15 recommendations include broadening the activities of this fund (and renaming it to Development Services) to encompass all development-related services in the City.
- Shoreline Golf Links (SGL): Course conditions and revenues continue to improve. Both revenues and expenditures are recommended to increase for Fiscal Year 2014-15.
- Successor Agency to the Revitalization Authority Fund (Successor Agency): Effective January 31, 2012, under the Dissolution Act, the Revitalization Authority (Authority) was dissolved and ceased to exist as a public entity. The Recognized Obligation Payment Schedule (ROPS) 13-14B for the period of January 1, 2014 to June 30, 2014 has been approved by the State Department of Finance (DOF) and includes all the necessary payments for the wind-down of the affairs of the Successor Agency.
- Shoreline Regional Park Community (Shoreline Community) Fund: Current fiscal year revenues exceed the Adopted Budget primarily related to higher-than-anticipated property taxes. Fiscal Year 2013-14 expenditures include the new Joint Powers Agreement (JPA) with the school districts approved in June 2013 and funding for some of the improvements recommended in the Shoreline Studies. As there are significant assessment appeals outstanding, revenues are projected lower for Fiscal Year 2014-15.

## **Utility Funds**

- **Water Fund:** Revenues for the current fiscal year are exceeding budget as a result of higher water sales from the dry weather conditions and restructuring of rates. Correspondingly, water expenditures are also higher than budget. For the upcoming fiscal year, the San Francisco Public Utilities Commission (SFPUC) is currently proposing a wholesale water rate increase of 19.6 percent, and the Santa Clara Valley Water District (SCVWD) is proposing 8.6 percent and 9.9 percent increases for treated water and well water, respectively. A 7.0 percent rate increase is recommended to pay for the increased cost of water and operating expenditures.
- **Wastewater Fund:** For Fiscal Year 2013-14, revenues are essentially as budgeted and expenditures are trending less than budgeted. For Fiscal Year 2014-15, the Palo Alto Regional Water Quality Control Plant (PARWQCP) is currently proposing a 2.8 percent increase in treatment costs. A 2.0 percent rate increase is recommended to pay for the increased cost of treatment and operating expenditures. An additional 2.0 percent rate increase is recommended as a strategy to gradually increase rates over 10 years to pay for major capital improvements at the PARWQCP. The total rate increase recommended for Fiscal Year 2014-15 is 4.0 percent.
- **Solid Waste Management Fund:** For Fiscal Year 2013-14, revenues and expenditures are higher than Adopted Budget. An increase of \$398,000 was required this fiscal year for the processing costs related to last fiscal year. For Fiscal Year 2014-15, a 1.1 percent increase for Recology, a 0.31 percent proposed increase for the SMaRT® Station, as well as City operating cost increases and annual maintenance projects result in a recommended overall average 2.0 percent rate increase. Based on preliminary information from the Cost of Service Study in progress, staff is recommending a 3.0 percent increase for carts, debris boxes, and compactor rates and a 1.0 percent increase for bin rates.

## **Reserves**

Most reserves are at their target or policy balance. However, several reserves, including the General Fund Reserve, Compensated Absences, and Workers' Compensation, will need to be supplemented to bring them to their policy balances.

## **Next Steps**

The City Council will hold a second Study Session on the Five-Year Capital Improvement Plan on May 20, 2014. Based on the feedback provided by the City Council at that and tonight's Study Sessions, staff will prepare the Proposed Budget to be presented to City Council at a public hearing on June 10, 2014. Public hearings for utility rate increases and the Proposed Budget are scheduled for June 17, 2014, as well as final budget adoption that same evening.

## **DISCUSSION**

### **GENERAL OPERATING FUND**

The General Operating Fund (GOF) is the single largest City fund and provides funding for the core services provided by the City, including Police, Fire, Parks, Recreation, Library Services, Planning, Public Works, and Administration. The City's financial health is significantly shaped by economic forces beyond our control and the GOF has been the most impacted by the Great Recession that began in December 2007. Although the recession was officially declared over as of December 2009, the recovery has been long and slow.

For the four fiscal years, Fiscal Years 2009-10 through 2012-13, the General Operating Fund experienced structural budget deficits in which ongoing revenues were insufficient to meet ongoing expenditures. These deficits were thoughtfully addressed by strategically reducing expenditures, establishing more efficient operating models, and working closely with employee organizations to contain employee compensation costs, as well as implementing limited revenue enhancements where appropriate. As a result, the City has been able to minimize the negative impacts on our residents and customers and preserve a wide range of high-quality services. Taking the necessary actions to maintain a structurally balanced budget provided a strong foundation for the economic recovery.

Fiscal Year 2013-14 was the first year where strong revenue growth was able to support expenditure growth without budget reductions. The unemployment rate in the City is 4.5 percent, consumer confidence has begun to rise, and housing and property values have regained prerecessionary levels in Mountain View. In addition, the City's sound fiscal practices and budget discipline have allowed the City to maintain its AAA credit rating, a status few other California cities can claim.

Building on this strong financial record and continued revenue growth, this report provides the recommendations for the General Operating Fund budget for Fiscal Year

2014-15. The updated projections indicate continued improvement in the economic recovery through the next few fiscal years. There are projected revenue increases in all major revenue categories (e.g., property tax, sales tax, transient occupancy tax, and utility users tax).

### **Updated General Operating Fund Status for Fiscal Year 2013-14**

Staff has continued to monitor General Operating Fund revenues and expenditures for the current fiscal year. As we progress through the fiscal year, estimates are refined and have a greater level of confidence, but the final details will not be available until after the close of the fiscal year. Comprehensive information about revenue and expenditure projections is available in the General Operating Fund 10-Year Long-Range Financial Forecast section of this document. Overall, total revenues for Fiscal Year 2013-14 are now estimated to be \$3.4 million, or 3.5 percent, higher than Adopted Revenues. Of the GOF major revenue sources, sales tax revenue and interfund transfers are slightly under budget while all other revenue categories are performing better than expected this fiscal year.

On the expenditure side, total operating expenditures for Fiscal Year 2013-14 are estimated to be \$1.9 million, or 1.9 percent lower than budgeted. The \$1.9 million of estimated budget savings is less than the assumed underspending of \$2.8 million in the Adopted Budget. However, after accounting for higher revenues, the operating balance is estimated to be \$4.8 million this fiscal year compared to the \$2.3 million budgeted.

This is a significant improvement in revenues from the estimates provided in the Midyear Report, where the operating balance was estimated at \$3.1 million. Revenue estimates have increased \$1.5 million, primarily as a result of higher property taxes and other local taxes. The expenditure estimate has also improved modestly. It was previously estimated expenditures would be \$1.7 million lower than budget.

Although we expect the City will end the current fiscal year with an operating balance greater than budgeted, it is important to note two points: the \$1.9 million in estimated expenditure savings is significantly lower than the \$2.8 million that was assumed in the Adopted Budget. In addition, the carryover balance is the funding source for key organizational needs – maintaining reserve levels and limited-period expenditures.

As noted below, staff is recommending the estimated Fiscal Year 2013-14 carryover balance of \$4.8 million be used to fund the limited-period expenditures and supplement the necessary reserves to meet policy levels. It is also recommended the City contribute \$1.0 million each toward the unfunded liabilities for PERS and Retirees' Health Other Post-Employment Benefits (OPEB). Both of these liabilities are underfunded and these

contributions would assist in raising the funding level for those liabilities. It is currently estimated that after these recommendations, \$1.4 million would remain available. Any remaining carryover available, up to \$2.0 million, is recommended to supplement the Capital Improvement Reserve. The final carryover available will be determined after the fiscal year-end close and audit of the City's financial records.

The estimated available carryover balance is recommended to be used as follows (dollars in thousands):

Estimated GOF Operating Balance	\$4,777
Estimated One-Time Revenues	115
Other	132
Reimbursement from Development Services	<u>1,521</u>
 Total Estimated Carryover Balance Available	 <u>6,545</u>
 Recommended Allocations:	
Non-discretionary:	
Limited-Period Expenditures	(774)
General Fund Reserve <sup>(1)</sup>	(915)
Compensated Absences Reserve	(1,200)
Workers' Compensation Reserve	(300)
Discretionary:	
Capital Improvement Reserve <sup>(2)</sup>	(1,356)
Retirees' Health OPEB	(1,000)
PERS	<u>(1,000)</u>
 Total Recommended Allocations	 <u>(6,545)</u>
 Estimated Remaining Balance Available	 \$ <u>-0-</u>

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<sup>(1)</sup> To be determined with the Adopted Budget.

<sup>(2)</sup> Recommended any balance remaining be allocated to the Capital Improvement Reserve up to \$2.0 million based on the actual balance available after the fiscal year-end close.

The Reserve Section of this report has additional information and detail related to Reserves.

### **Updated General Operating Fund Projections for Fiscal Year 2014-15**

In presenting the Preliminary General Operating Fund revenues and expenditures in the Midyear Budget Status Report on February 11, 2014, staff projected a \$1.4 million surplus for Fiscal Year 2014-15. With additional information available on both revenues and expenditures as the fiscal year has progressed, the updated projection is a surplus of \$2.0 million. A brief discussion of revenues and expenditures for Fiscal Year 2014-15 follows.

Compared to the current Adopted Budget, total revenues are anticipated to grow by \$4.9 million, 5.0 percent, next fiscal year, and total expenditures are projected to increase \$3.6 million or 3.3 percent. The General Operating Fund is projected with a Fiscal Year 2014-15 operating balance of approximately \$2.0 million after taking into consideration all recommendations.

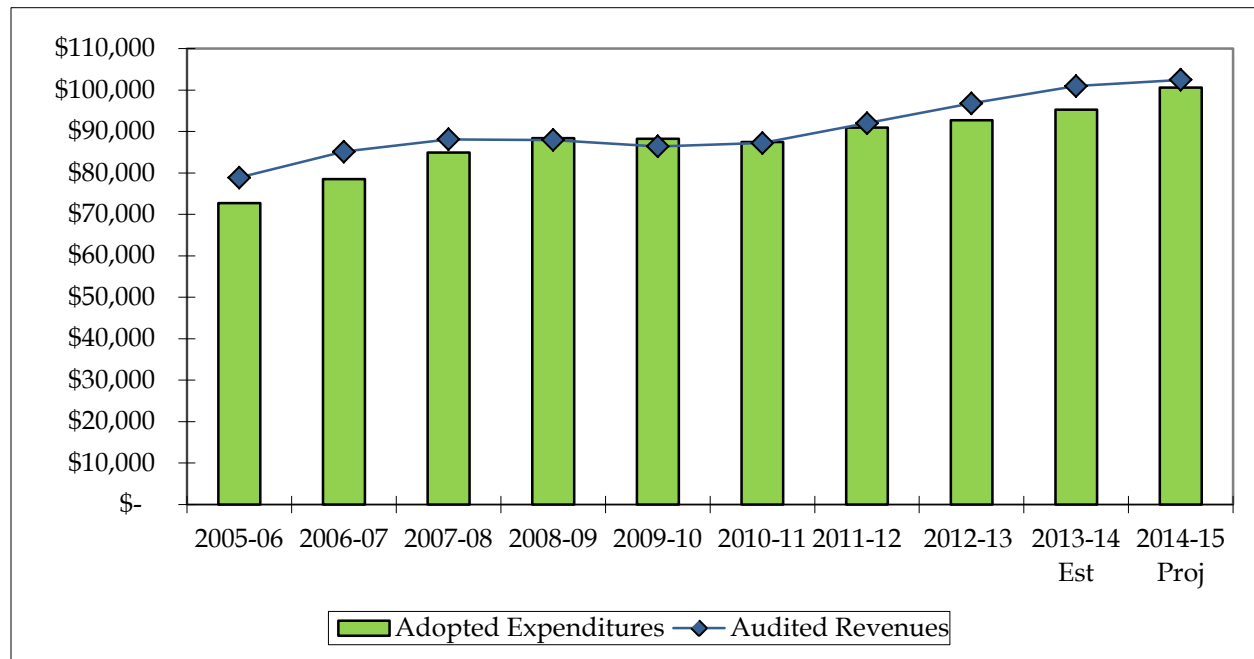
Details of the revenues and expenditures are included in the General Operating Fund Forecast section of this document. A summary of Fiscal Year 2014-15 budget is as follows (dollars in thousands):

Total Revenues	\$104,213
Total Net Expenditures	( 99,149)
Recommendations:	
Non-discretionary Increases	(367)
Discretionary Increases	(211)
Revenue Enhancements	175
Loan Repayment to Non-Operating Fund	(1,894)
Development Services	<u>197</u>
Operating Balance	<u>2,964</u>
OPEB Funding	<u>(1,000)</u>
Net Balance	\$ <u><u>1,964</u></u>

## Revenue Projections for Fiscal Year 2014-15

For Fiscal Year 2014-15, General Operating Fund revenues are projected to grow by 5.0 percent, to \$102.5 million, including recommendations. All major categories of revenues (e.g., Property Tax, Sales Tax, and Other Local Taxes, etc.) are projected to increase, compared to the current fiscal year adopted revenues. However, investment earnings continue to be very modest and are projected to continue to decline as higher-yielding securities are reinvested in the current lower-interest-rate environment.

The City's recent revenue history and estimated revenues for the current fiscal year and projected revenues for the upcoming fiscal year are as follows (dollars in thousands):



This table demonstrates the recent minimal margin existing between the General Operating Fund revenues and expenditures. The adopted expenditures in the table include the budget savings adopted and it is important to note that for Fiscal Years 2009-10 through 2011-12, the actual budget saving results were greater than adopted and were necessary to maintain a positive operating budget due to actual revenue shortfalls compared to budget.

Recommendations regarding new fees and inflationary increases to current fees are included with this report (see Attachment 2).



## Expenditure Projections for Fiscal Year 2014-15

The recommended expenditures for Fiscal Year 2014-15 essentially represent a “status quo” budget with the addition of non-discretionary increases, which preserves current service levels and some additions to the highest-priority areas.

Although service levels are not increasing, the City’s costs are increasing due primarily to higher personnel costs. These increases are occurring even after the significant concessions made by employees over the three Fiscal Years 2010-11 through 2012-13 in which salary increases through cost-of-living adjustments (COLAs) and merit increases were reduced or eliminated and most employee groups agreed to structural changes in health and other benefits.

Unfortunately, even with these structural changes and the recently adopted State-wide pension reform, retirement costs are projected to increase by \$1.2 million for Fiscal Year 2014-15 over the current fiscal year Adopted Budget. The changes resulting from pension reform will likely not be realized for 10 to 20 years, until there are a majority of employees under the new formula. In the meantime, there are increases projected in PERS rates that will be implemented in the next few years as discussed below.

The categories of changes in costs from the Fiscal Year 2013-14 Adopted Budget to the Fiscal Year 2014-15 recommended budget are as follows (dollars in thousands):

### Expenditure Changes:

Compensation Changes	\$ 1,154	
Retirement (PERS)	1,212	
Health and Other Benefits	<u>83</u>	
Total Changes Personnel Costs		2,449
Other Nonpersonnel Miscellaneous	623	
Expenditures Recommended	<u>578</u>	
Total Other		<u>1,201</u>
Total Expenditure Increase		<u>\$3,650</u>

Labor contracts and resolutions agreed to in the current agreements (which expire June 30, 2015) include a 2.0 percent cost-of-living adjustment (COLA). Also included in agreements was the joint effort to study Public Safety group(s) joining the PERS Health Care System (PEMHCA). The study has been completed and both Police and Fire safety groups have migrated to PEMHCA effective March 1, 2014, saving the City an estimated \$225,000 to \$457,000 annually. In addition, the City transitioned open enrollment for health care to a calendar year with premiums in effect as of January. The premiums budgeted for Fiscal Year 2014-15 are actual rates through December 2014 and assume an increase of 11.0 percent for medical beginning January 2015.

There were more requests by departments for expenditure increases, many of which would be desirable and would ease some of the stress on staff resources in the organization. However, as can be seen in the GOF Long-Range Financial Forecast and summarized below, although more expenditures could be afforded in the Fiscal Year 2014-15 Budget, it would be prudent to contain expenditure growth as future increases to PERS rates are projected and when the next economic recession occurs, it is anticipated the GOF will be facing operating deficits once again. Due to heavy workloads, many current demands for resources are being addressed through limited-period funding.

#### California Public Employees Retirement System (PERS) Rates

There has been attention focused on public-sector retirement costs in recent years; therefore, it is worth noting a few key points about Mountain View's approach to providing employee pension benefits. While in many cities the employer pays some or all of the employee contribution, Mountain View employees not only pay the employee contribution, but they also pay a portion of the employer contribution. This fiscal year, the share paid by miscellaneous employees increased to 11.5 percent (11.7 percent for POA nonsworn). While cost-sharing was becoming more common in other agencies as they grappled with budget deficits, this was an unusual and progressive arrangement when instituted in Mountain View and reflects the collaborative approach our employees have taken toward fiscal sustainability.

As a result of the significant financial losses to PERS and the resulting impacts to the financial sustainability of the pension plans, many changes in the way PERS rates are calculated have been adopted in the past several years as follows:

- In March 2012, the PERS Board approved the reduction of 0.25 percent in the discount rate used to calculate the pension liability and corresponding employer contribution rates. The impact is approximately 0.92 percent and 1.4 percent employer rate increase for miscellaneous employees and a 2.56 percent and 1.6

percent employer rate increase for safety employees for Fiscal Years 2013-14 and 2014-15, respectively. For Mountain View, this resulted in an increase to pension costs of \$1.3 million (net of additional cost share) phased in over two years. These impacts have been incorporated into the General Operating Fund Budget.

- On April 17, 2013, the PERS Board adopted recommendations of the Chief Actuary. The recommendations changed the methodology for the amortization and smoothing of rates. Overall, the proposed methods are expected to result in higher volatility in employer rates in normal years, but less volatility in employer rates in years where extreme events occur (e.g., significant investment losses). The method will result in increased higher employer rates over time, but are also expected to result in improved funding levels.
- On February 18, 2014, the PERS Board adopted changes as a result of the demographic study. The study resulted in increased rates as life expectancy continues to rise. Generational mortality tables are also being incorporated in the actuarial assumptions. However, previously PERS staff had anticipated recommending an additional 0.25 percent to 0.5 percent reduction in the discount rate, but no change was recommended as the PERS Board did not adopt a change in the allocation of investments. The demographic changes are anticipated to raise rates by 4.5 percent and 7.05 percent over five years, for miscellaneous and public safety, respectively. These impacts were initially anticipated to take effect for local agencies for Fiscal Year 2015-16, but have been delayed one year to allow agencies additional time to plan for the increases and will now be effective with Fiscal Year 2016-17 rates.

Below are staff's projected employer rates based on the information provided by PERS staff.

	<b>Actual Rate FY 2014-15</b>	<b>Projected Rate FY 2016-17</b>	<b>Projected Rate FY 2017-18</b>	<b>Projected Rate FY 2018-19</b>	<b>Projected Rate FY 2019-20</b>	<b>Projected Rate FY 2020-21</b>
Miscellaneous	23.370	27.80	29.95	32.20	34.35	36.60
Safety <sup>(1)</sup>	33.389	39.82	42.65	45.39	48.22	51.05

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<sup>(1)</sup> The PERS Safety rate reflects the impact of the Fire cost share contributed as member contributions.

These changes are built into the General Operating Fund 10-Year Long-Range Financial Forecast.

## **Fiscal Year 2014-15 Budget Recommendations**

The following is a discussion of non-discretionary and recommended expenditure increases. Departments reviewed their programs, work levels, and proposed goals for the upcoming fiscal year and developed their budget requests. Three of the non-discretionary increases are City-wide in nature and related to utility cost increases. The discretionary items were reviewed by the budget team and the City Manager and are recommended for City Council consideration. These recommendations are included in the Fiscal Year 2014-15 projections.

### **Non-discretionary Increases**

Non-discretionary increases totaling \$367,200 are recommended to fund existing and new required operational costs such as increases in City utility costs, PG&E, and information technology software and hardware maintenance (see Attachment 3 for a complete listing of non-discretionary items). Key items worth noting in the recommended base budget are as follows:

- City Utility Costs: \$218,800

Provides increased funding for City utility services used by City departments.

- PG&E Cost Increase: \$110,000

Provides funding for PG&E's annual rate increase and the addition of the new Teen Center.

- Software and Hardware Maintenance: \$15,500

Provides funding for new and existing software and hardware that requires annual maintenance or license contracts. This cost increase is primarily related to the new WiFi to be installed at City facilities as a result of Google grant funds.

## Recommended Discretionary Expenditures

New expenditures totaling \$210,900 are recommended for high-priority ongoing programs. These new expenditures are offset by \$175,000 in new revenue for a net impact of only \$35,900 (see Attachment 4 for a complete listing of new recommended expenditures). Key items worth noting are as follows:

- Amphitheatre/Special Events: \$67,800 (offset by \$124,000 reimbursement revenue)

Provides increased funding for Reserve Officer and Police Officer pay to work Amphitheatre and special events. Amphitheatre events are fully cost recovered and includes a 15.0 percent administrative fee.

- Recreation City-Wide Event Programming: \$41,000 (offset by \$25,000 in sponsorship revenue)

Provides funding to continue City-wide events such as Thursday Night Live and increased funding for events such as the Holiday Tree Lighting, Halloween Bash, and Community Yard Sale as well as advertising, marketing of events, and to replace banners on a four-year schedule.

- Library Materials: \$25,000

Provides increased funding for books and Library materials loaned to the public.

- Aquatics Staffing: \$21,000 (offset by \$21,000 lesson revenue).

Provides increased funding for hourly staffing to provide lessons. This funding brings the budget for staffing to current levels.

- PERS Health Program (PEMHCA) Administrative Fee: \$12,000

Provides funding for the PEMHCA administrative fee. This fee is assessed on the monthly premium to cover administration of the program and cannot be included in the health premiums.

- Mountain View Police Activities League (MVPAL): \$5,000

Provides funding for MVPAL. MVPAL is, primarily, a youth crime prevention program that relies on educational, athletic, and other recreational activities to cement a bond between Police Officers and youth. Studies have shown that if a young person respects a Police Officer on the ball field or in the classroom, the youth is more likely to respect the laws that Police Officers enforce. Such respect is beneficial to the youth, the Police Officer, the neighborhood, and the business community. This budgeted amount will support various MVPAL programming such as boxing, soccer, tennis, and other programing.

- Council Procedures Committee (CPC) Recommendations for Council's Budget: \$2,800

Provides increased funding in the Council's budget (\$1,800 travel reserve account and \$1,000 for Mayors Innovation Project) as recommended by the CPC on April 8, 2014. The travel and training budget was reduced as part of the budget balancing during this past recession while travel and training costs continue to rise. Rather than increasing the individual Councilmember's training budget, the CPC recommended an increase in the reserve to make funds available, as needed, as determined by the Mayor. The CPC also recommended including the membership to the Mayor's Innovation Project (see Attachment 5).

#### Limited-Period Recommendations

There is a total of \$6.5 million available for limited-period expenditures from the estimated operating balance and one-time revenues. There are a number of recommendations for limited-period funding totaling \$774,000. These are itemized in Attachment 6. Some of the major items to be recommended as limited-period expenditures are as follows:

- Firefighter Overtime: \$187,500

Provides funding for three Firefighter recruits to attend the Firefighter Academy for three months and approximately one-month transition-to-shift period.

- Associate Civil Engineer – Traffic Position (0.65): \$110,500

Provides funding for 0.65 FTE of an Associate Civil Engineer position (the other 0.35 FTE is recommended to be funded from the Development Services and Shoreline Regional Park Community Funds). This position will support the increased workload in the Traffic Section due to the high levels of private development activity.

- Mobility Coordinator Position: \$150,000

Provides funding for a new Mobility Coordinator position. This is intended to be a two-year, limited-term position to focus on furthering the Council goal of “Improve Bicycle and Pedestrian Mobility.” This new position would provide expertise in developing policies, guidelines, and projects; support the B/PAC; and provide input on private development projects. It will also free up some staff resources in Traffic Engineering and Transportation to focus on other priorities (see Attachment 7).

- November 2014 Election: \$100,000

Provides funding for the November 4, 2014 General Municipal Election.

- Communications Coordinator Position (0.50): \$70,000

Continuation of funding for a half-time Communications Coordinator position located in the City Manager’s Office.

- Financial Analyst I/II Position (0.25): \$35,000

Continuation of funding for 0.25 FTE of a Financial Analyst I/II position to add to a current 0.75 FTE position needed to relieve workload in the Finance and Administrative Services Department.

- Civica Website Training: \$20,000

Continuation of funding for training of department users to enable them to maintain the content of the redesigned website on an ongoing basis.

- Council Team Building: \$2,500

Provides funding for Council team building. With the 2014 election and three new members joining the Council, funds are being requested by the CPC for a Council team building in early 2015.

Listings of Fiscal Year 2014-15 Recommended Capital Outlay and Equipment Replacement are included as Attachments 8 and 9, respectively.

### **Requests for City Council Consideration and Discussion**

Several items have been requested by subcommittees or outside organizations that staff is presenting for City Council discussion and direction on whether or not these items are a priority and should be included in the Fiscal Year 2014-15 Proposed Budget. These items are as follows:

- Energy Upgrade Mountain View: \$70,000 (limited-period)

At its April 9, 2014 meeting, the Council Environmental Sustainability Committee (CESC) requested staff develop a cost estimate for a one-year continuation of the Energy Upgrade Mountain View (EUMV) program which was originally funded by a Federal grant to December 31, 2012, and extended through Fiscal Year 2013-14 with limited-period funding (see Attachment 10).

- Housing Boomerang Funds: \$149,800 (limited-period) and \$140,000 or \$51,000 (ongoing)

The Cities Association of Santa Clara County, Housing Trust Silicon Valley, and Silicon Valley Leadership Group have joined together to support regional efforts to increase funding for affordable housing in our communities. As a result of the dissolution of redevelopment agencies (RDAs) and the loss of the previous 20.0 percent housing set aside for low- and moderate-income housing funds, the proposal identifies two potential streams of revenue: (1) the one-time funds that were unencumbered; and (2) the ongoing funds that are distributed to cities previously directed to RDAs. These have been deemed “boomerang” funds. Staff analysis and recommendation, if the City Council wishes to support this initiative, are provided (see Attachment 11).



- Sister Cities: \$5,000 and \$500 (limited-period)

There are two separate requests related to Sister Cities as follows:

- Fortieth (40th) anniversary of Sister City with Iwata, Japan: \$5,000

This year represents the 40th anniversary with our sister city relationship with Iwata, Japan. To celebrate, a delegation of 10 guests, including the Mayor, from Iwata will visit Mountain View. The Mountain View Sister City Affiliation (MVSC) is requesting support from the City for an amount not to exceed \$5,000 (see Attachment 12).

- Sister Cities International Request for Community Sponsorship: \$500

This year's 2014 Sister Cities International Annual National Conference and Leadership Meeting are to be held in San Jose from July 31 to August 2, 2014. As a local partner of the conference, the Host Organizing Committee is asking each city member of the NORCAL Chapter to contribute a \$500 shared cash sponsorship (see Attachment 13).

- Community Choice Aggregation: up to \$30,000 (limited-period)

A presentation about the possible formation of a Community Choice Aggregation (CCA) district by Santa Clara County cities was made at the March 2014 Cities Association Board meeting. California State law allows cities and counties to pool their residential, business, and municipal electricity loads and to purchase and/or generate power on their behalf through the formation of a JPA or special district, or CCA. Energy transmission, distribution, repair, and customer service functions remain with the local utility.

Undertaking a CCA feasibility study, at a projected cost of \$60,000 to be shared by interested jurisdictions, has been briefly discussed by agency representatives. The cost per agency would depend on the number of participants. If City Council would like to participate, placeholder funding, not to exceed \$30,000, could be included in the Fiscal Year 2014-15 budget. Staff will return to City Council with additional information as it becomes available.

- Request for Automatic Defibrillator Funding (included in recommended capital outlay)

Supervisor Simitian has requested the City's participation in a project to reduce deaths resulting from sudden cardiac arrest (SCA) by providing funding for automatic external defibrillators (AEDs) in the City. The County will provide matching funds of \$50,000 and is requesting the City contribute \$25,000. For this project, approximately 40 AEDs will be purchased and placed in Mountain View. With the City's contribution, 8 to 10 AEDs will be provided for use in Police patrol cars (see Attachment 14).

## SUMMARY

As the economy continues to recover, and due to the fiscally responsible actions taken in prior fiscal years, the City is poised for the ability to invest funds in needed areas such as mobility, capital projects, Retirees' Health, and PERS. The recovering economy has resulted in overall revenues projected to increase by \$4.9 million, or 5.0 percent, over the Fiscal Year 2013-14 Adopted Budget. This results in the ability to include non-discretionary expenditure increases of \$367,200 and discretionary increases of \$210,900 of ongoing expenditures in the highest-priority areas (offset by \$175,000 in revenues). There are other needs in a variety of areas but the most critical are being addressed with limited-period expenditures. The net result, after the recommendations, is a projected GOF surplus for Fiscal Year 2014-15 of \$2.0 million after reclassifying the Shoreline Community loan repayment to nonoperating and a \$1.0 million contribution to the Retirees' Health Trust. Further ongoing expenditure increases are not recommended at this time as later years in the forecast do not support increasing expenditures due to the proposed changes to PERS rates beginning in Fiscal Year 2016-17 which will significantly increase costs.

## OTHER FUNDS

### **General Fund: Building/Development Services**

Building Services is a General Fund program, separated from the General Operating Fund, in order to facilitate better tracking and accounting. This separation was set up to allow for an effective way to match revenues and expenditures and to provide the Building Inspection Division with sufficient support to sustain a consistent high level of service throughout fluctuations of the development cycle.

The current revenue estimate for Fiscal Year 2013-14 is \$7.5 million, which exceeds budget by \$1.3 million. The current level of revenue from development activity is trending higher than the prior fiscal year audited as development activity remains strong. Development-related revenues are cyclical in nature and there is a timing difference for each project as plan check revenue is collected at the beginning of the development process, permit revenue just prior to construction, and all services are provided subsequent to payment of fees.

Operating expenditures for the current fiscal year are estimated at \$6.0 million, 2.5 percent higher than budget, primarily as a result of increased appropriations for contractual services during the fiscal year. Included in operating expenditures is \$721,000 and \$33,000 to reimburse the cost of administrative support by the General Operating Fund and other funds, respectively. In addition, Building Services contributed \$88,000 to capital projects and \$22,000 to the Workers' Compensation Fund. The fund is estimated to end the current fiscal year with a balance of \$12.6 million.

A comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	2012-13 <u>Audited</u>	2013-14 <u>Adopted</u>	2013-14 <u>Estimated</u>	2014-15 <u>Recommended</u> <sup>(1)</sup>
Revenues:				
Investment Earnings	\$ 165	126	167	113
Permits	4,187	3,956	4,996	4,972
Plan Checks	2,457	2,110	2,366	2,119
Charges for Services	-0-	-0-	-0-	1,605
Other	<u>1</u>	<u>-0-</u>	<u>-0-</u>	<u>75</u>
Total Revenues	6,810	6,192	7,529	8,884
Operating Expenditures	<u>4,362</u>	<u>5,868</u>	<u>6,014</u>	<u>9,442</u>
Operating Balance	2,448	324	1,515	(558)
Reimbursements to Other				
Funds	-0-	-0-	-0-	(1,871)
Workers' Compensation	-0-	(22)	(22)	-0-
Retirees' Health UAAL	(102)	-0-	-0-	(579)
Capital Projects	<u>(9)</u>	<u>(88)</u>	<u>(88)</u>	<u>(616)</u>
Excess (Deficiency)				
of Revenues	2,337	214	1,405	(3,624)
Beginning Balance	<u>8,886</u>	<u>11,223</u>	<u>11,223</u>	<u>12,628</u>
Ending Balance	<u>\$11,223</u>	<u>11,437</u>	<u>12,628</u>	<u>9,004</u>

<sup>(1)</sup> Represents the recommendation to consolidate all development services activity.

### Development Services Consolidation

Over the course of the current fiscal year, staff explored the creation of a broader Development Services Fund (DSF) to incorporate all aspects of the development process, not just the Building Inspection Division. The Building Services Fund currently includes revenues and expenditures related to building permit processing and inspections, but does not include the services from other divisions that provide direct support to the development cycle. The workload and the associated revenues in these supporting areas are significantly impacted by fluctuations in levels of development activity.

In order to provide a more comprehensive picture of the development process and to more accurately align development-related revenues and expenditures, staff is recommending consolidating all development-related functions within the City into a DSF for Fiscal Year 2014-15. Included are the majority of General Planning and Private Development Planning in the Community Development Department, as well as allocations of the Traffic, Land Development, and Construction Sections in the Public Works Department. By combining all development services into a single fund, the City will be better able to weather the cyclic nature of development, as well as provide better tracking to ensure that development services provided by the City are appropriately cost recovered.

The consolidation of development services will result in a transfer of \$2.6 million of expenditures and \$2.2 million of revenues from the GOF to the new DSF. This includes a reduction of approximately \$250,000 in expenditures due to a reduction in administrative overhead to the GOF.

**The Fiscal Year 2014-15 recommendations are as follows:**

- Reimbursements to Other Funds: \$1,871,000 (limited-period)

Provides reimbursements to the original funding sources for two capital improvement projects. During the review of the consolidation of development services, staff determined the funding for these projects would be more appropriately charged to the Development Services Fund. Therefore, a \$1.5 million reimbursement is recommended to the General Non-Operating Fund for its contributions to the General Plan and a \$350,000 reimbursement to the Capital Improvement Reserve is recommended for its contributions to the El Camino Real and San Antonio Precise Plans.

- Associate Civil Engineer – Construction Position: \$170,000 (limited-period)

Provides limited-period funding for an Associate Civil Engineer position. The position will support the increased workload in the Construction Section due to the high levels of development activity.

- Senior Planner Position: \$155,500 (limited-period)

Provides limited-period funding for a Senior Planner position. The position will support the ongoing high-level of development activity as well as provide enhanced support at the Development Services Counter.

- Associate Planner Position: \$143,600 (limited-period)

Continuation of limited-period funding for an Associate Planner position. Due to eliminated positions in past fiscal years, resources for counter coverage have been reduced to minimal levels, creating difficulty in providing excellent service to customers. This position improves customer service at the counter, increases the number of over-the-counter "One Stop" permits that can be issued, and potentially increases the counter hours.

- Multi-Family Housing Program: \$157,500 (limited-period)

Provides limited-period funding for 0.75 FTE of a Building Inspector position and 0.50 FTE of an Office Assistant position. These additional staffing resources will aid in conducting an internal audit/assessment of the Multi-Family Housing self-certification properties and program. Staff's goal is to inspect each self-certification property (approximately 250) during Fiscal Year 2014-15 to assess the current habitability and overall fire and life safety condition. Staff will also ultimately prescribe a programmatic inspection frequency for these properties which is consistent with the inspection methodology currently implemented for the remaining properties in the program (see Attachment 15)

- Office Assistant II Position: \$95,300 (limited-period)

Continuation of limited-period funding for an Office Assistant II position. This position was eliminated in Fiscal Year 2003-04 as part of a budget reduction strategy. Given the increase in workload over the past several years, temporary staff has been needed and staff believes that continuing this position is critical to the overall operation of the department.

- Associate Civil Engineer Position (0.50): \$85,000 (limited-period)

Continuation of limited-period funding for 0.50 FTE of an Associate Civil Engineer position (the other 0.50 FTE is recommended to be funded from the Shoreline Regional Park Community, Water, Wastewater, and Solid Waste Funds). The position is used in place of consultants to handle increased workload associated with high levels of private development activity.

- Construction Inspection Overtime: \$75,000 (ongoing)

Provides funding for overtime in the Construction Section of the Public Works Department relating to inspections. The cost of the staff time is reimbursed by developers.

- Congestion Management Agency Multimodal Plan: \$50,000 (limited-period)

State law requires each county designate a county-wide body to act as its Congestion Management Agency (CMA) and create a Congestion Management Program (CMP) to guide transportation improvements along regional transportation routes throughout the county. For Santa Clara County, the VTA serves as the CMA.

Mountain View has several CMP intersections within its jurisdiction, including El Camino Real/Grant Road and El Camino Real/San Antonio Road. In cases where a CMP intersection does not currently meet CMP guidelines or may not in the future, and road widening or other street improvements are not feasible, the City is required to prepare a Multimodal Plan. This Plan allows the City to offset deficiencies at a CMP intersection by making vehicle, bike, and/or pedestrian improvements elsewhere along the CMP roadway system. Failure to complete a Multimodal Plan could result in a loss of gas tax revenues.

- Associate Civil Engineer – Traffic Position (0.10): \$17,000 (limited-period)

Provides limited-period funding for 0.10 FTE of an Associate Civil Engineer position (the other 0.90 FTE is recommended to be funded from the General Non-Operating and Shoreline Regional Park Community Funds). The position will support the increased workload in the Traffic Section due to the high levels of development activity.

- Precise Plan Noticings: \$12,000 (limited-period)

Continuation of limited-period funding for noticing for the El Camino Real, San Antonio, and East Whisman Precise Plans. The notices are mailed to the Precise Plan areas to notify residents of Study Sessions, Public Hearings, and neighborhood meetings.

- Services and Supplies: \$5,000 (ongoing)

Provides funding for additional services and supplies necessitated by the high levels of development activity and the addition of staff members.

- Major Capital Improvement Projects:
  - East Whisman Precise Plan and Infrastructure Study and EIR: \$590,000
  - IT Projects: \$26,000

Fiscal Year 2014-15 revenues are recommended at \$8.9 million, which includes a projected \$2.2 million transferred from the GOF as a result of the consolidation of development services. Revenues are not anticipated to remain at the high levels estimated for this fiscal year, but are still anticipated to remain strong through Fiscal Year 2014-15. Fiscal Year 2014-15 operating expenditures are recommended at \$9.4 million, which includes a transfer of \$2.6 million from the GOF as a result of the consolidation of development services. There are also limited-period recommendations of \$906,000 and ongoing recommendations of \$80,000 included. In addition, there is \$1.9 million in reimbursements to other funds as part of the consolidation, a \$579,000 contribution to the Retirees' Health unfunded actuarially accrued liability, and a \$616,000 contribution to capital projects.

The fund is projected to end the 2014-15 fiscal year, including limited-period expenditure recommendations of \$906,000, with expenditures exceeding revenues by \$558,000. After funding reimbursements to other funds, Retirees' Health, and capital improvement projects, there is a projected ending balance of \$9.0 million.



### **General Fund: Shoreline Golf Links**

Shoreline Golf Links (SGL) is an 18-hole course designed by Robert Trent Jones II & Associates that was completed in 1983. The course is owned by the City and generally open to the public 364 days a year. The course struggled for several years with an operating deficit resulting from the impact of the recent recession, rising costs, and competition from an increased number of courses in the Bay Area. After an evaluation of management alternatives by staff and City Council, Touchstone Golf, LLC (Touchstone), was selected to assume management and operations of SGL (Pro Shop and maintenance) in January 2012. Although SGL is a General Fund program, it is tracked and reported separately for management information purposes and to provide a more comprehensive overview of its operations.

The Fiscal Year 2013-14 budget was adopted with a \$200,000 operating balance/net profit which was budgeted as a revenue transfer to the General Operating Fund. For the current fiscal year, total revenues are estimated at \$2.6 million, slightly higher than the adopted budget and \$320,000 (14.0 percent) higher than the prior fiscal year. Current fiscal year operating expenditures are estimated at \$2.5 million, \$159,000 (6.7 percent) more than the adopted budget of \$2.4 million. Water costs are estimated to exceed budget due to increased usage as a result of the dry weather conditions. In addition, more potable water has been used to mix with recycled water due to the high salinity of the recycled water. Staff continues to work on the salinity issues and the mix of potable water has been reduced from 90.0 percent to 50.0 percent. Included in operating expenditures is the management fee of \$102,000 to Touchstone, \$52,000 to reimburse the cost of administrative support provided by the General Operating Fund, and annual funding of liability insurance and equipment replacement.

Touchstone continues to improve the financial status of golf course operations with higher rounds played and higher revenues. The fund is estimated to end the current fiscal year with an operating balance of \$75,000, and with the prior fiscal year balance of \$40,000, a total of \$114,000 is available to transfer to the General Operating Fund. While short of the budget goal, this is a marked improvement of course operations from Fiscal Year 2010-11, when there was an operating deficit of \$753,000.

A comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	<u>2012-13</u> <u>Audited</u>	<u>2013-14</u> <u>Adopted</u>	<u>2013-14</u> <u>Estimated</u>	<u>2014-15</u> <u>Recommended</u>
Revenues:				
Green Fees	\$1,142	1,350	1,295	1,350
Tournaments/Memberships	338	385	463	491
Cart Rental	276	285	327	305
Driving Range	275	292	304	298
Retail Sales	191	207	193	207
Other	<u>58</u>	<u>48</u>	<u>18</u>	<u>45</u>
Total Revenues	2,280	2,567	2,600	2,696
Operating Expenditures	<u>2,240</u>	<u>2,366</u>	<u>2,525</u>	<u>2,471</u>
Operating Balance	40	201	75	225
Transfer to Workers' Compensation	-0-	(1)	(1)	-0-
Transfer to GOF	<u>-0-</u>	<u>(200)</u>	<u>(114)</u>	<u>(225)</u>
Excess (Deficiency) of Revenues	40	-0-	(40)	-0-
Beginning Balance	<u>-0-</u>	<u>40</u>	<u>40</u>	<u>-0-</u>
Ending Balance	\$ <u>40</u>	<u>40</u>	<u>-0-</u>	<u>-0-</u>

Projected revenue for Fiscal Year 2014-15 is \$2.7 million, \$96,000 higher than the current fiscal year estimate and \$416,000 higher than Fiscal Year 2012-13 Audited, the first full year of management by Touchstone.

Projected expenditures by Touchstone and the City of \$2.5 million are \$105,000 higher than the current fiscal year adopted. The operating costs reflect the recommended increase in funding for contract staff and irrigation water. Included in the Fiscal Year 2014-15 recommended operating expenditures are contributions of \$203,000 for annual equipment replacement and \$52,000 for reimbursement of administrative support provided by the General Operating Fund.

**The Fiscal Year 2014-15 recommendations are as follows:**

- Touchstone Contract Personnel: \$46,400 (ongoing)  
  
Provides additional funding for staffing cost increases.
- Irrigation Water: \$41,000 (ongoing)  
  
Provides increased funding for irrigation water, partially due to the blending of potable water with the recycled water, for the maintenance of the golf course.
- Net Miscellaneous: (\$800) (ongoing)  
  
Provides increased funding for credit card processing fees (\$2,500) offset by miscellaneous reductions.

The course condition continues to improve, and revenues are projected to increase 5.0 percent compared to the current fiscal year adopted. Based on the projected revenues and expenditures, management of the course by Touchstone will allow for a transfer of \$225,000 of net profits to the City's General Operating Fund. Staff continues to work with Touchstone and meets quarterly to review the operations and financial status of the course.

Successor Agency to the Revitalization Authority Fund

As of January 31, 2012, under the Dissolution Act, all California redevelopment agencies were dissolved and ceased to exist as a public entity. The City elected to serve as the Successor Agency and to also retain the housing assets and functions. The Successor Agency is responsible for winding down the affairs of the former Authority. An Oversight Board consisting of seven members was established as required by the legislation. The Oversight Board is responsible for reviewing and approving all Recognized Obligation Payment Schedules (ROPS) which include the enforceable obligations of the Authority for each six-month period. The ROPS is reviewed by the County and submitted to the State Department of Finance (DOF) for final approval.

The Due Diligence Review (DDR) for all other funds identified an unencumbered balance of \$6.3 million. Staff recommended the retention of these funds for the purpose of prepaying outstanding debt that would result in saving over \$1.0 million in interest expense over the remaining life of the 2003 COPs.

The Successor Agency proposed a comprehensive wind down and dissolution plan that has been approved by the County, the Oversight Board, and the DOF. The dissolution plan includes maintaining the unencumbered funds to call the outstanding 2003 COPs and the waiving of the reinstatement of the outstanding loans by the City and Shoreline Community in exchange for credit toward the purchase of the Bryant Street and Franklin Street properties owned by the Successor Agency.

The DOF has issued a Finding of Completion and the Long-Range Property Management Plan (LRPMP) which includes the transfer of assets from the Successor Agency to the City, including the properties and parking structures, has been approved. The 2003 COPs have been called as of February 1, 2014. The remaining component of the dissolution plan is the approval of a Compensation Agreement for the allocation of any revenues resulting from the parking structures to the taxing entities which will need to be approved by the City and all the taxing entities. On April 22, 2014, the Council authorized the City Manager to execute the Compensation Agreement on behalf of the City. The Compensation Agreement needs to be approved by all the taxing entities by June 30, 2014.

### **Shoreline Regional Park Community Fund**

The Shoreline Regional Park Community (Shoreline Community) was created in 1969 by the Shoreline Regional Park Community Act (Act) for the development and support of the Shoreline Regional Park (Regional Park) and to enhance the surrounding North Bayshore Area economically and environmentally. The Act prescribes the powers of the Shoreline Community, including the construction and replacement of the infrastructure needed to serve the Shoreline Community such as streets, curbs, gutters, parking lots, sidewalks, water and sewer services, lighting, waste disposal, and levees, as well as operations and maintenance of the Regional Park.

The assessed values (AV) of property within the Shoreline Community were frozen (frozen base) in Fiscal Year 1977-78 when the plan was adopted. The overlapping taxing agencies have continued to receive their proportional share of property taxes generated from the frozen base. All tax increment generated by subsequent increases to the AV of property within the Shoreline Community since the plan was adopted is directed back to the Shoreline Community to achieve the purposes described in the Act.

The primary source of revenues for the Shoreline Community is property taxes, which include the revenue generated from the Shoreline Community's 1.0 percent levy assessed on the incremental taxable value of real and personal property located within the Shoreline Community. The AV of secured real property that does not experience a change in ownership or is not subject to new construction is adjusted annually at a rate

not to exceed the California Consumer Price Index (CCPI) or 2.0 percent increase, whichever is lower. However, if a property changes ownership, it is reassessed at the current market value and new construction is initially valued at the cost of the construction. Unsecured tax on personal property, such as computers and other equipment, is assessed on the value of the property as reported annually to the County by the owning business.

All sources of revenue are higher than budget, resulting in total estimated revenues for the current fiscal year of \$31.8 million, \$4.8 million (17.9 percent) higher than budget. Property values were adopted with declines in anticipation that AV appeals would be granted by the County. However, secured AV reported on the July 1, 2013 tax roll experienced net growth and although July 1, 2013 unsecured AV did decline, it was not as significant as anticipated in the Adopted Budget.

Total expenditures for the current fiscal year are estimated at \$25.8 million, on target with the current fiscal year's adopted budget of \$25.7 million. This estimate includes the operations of the Regional Park, landfill and street maintenance, Police and Fire protection, planning, Library services, and administration.

The intergovernmental payments to the County in accordance with the agreement authorized in December 2004 is estimated to be higher as property values were higher than anticipated in the Adopted Budget. Contributions to the Mountain View Whisman School District (MVWSD) and the Mountain View Los Altos Union High School District (MVLAUHSD) will be made in accordance with the 10-year Joint Powers Agreement (JPA) approved in June 2013.

Effective April 22, 2014, the Shoreline Community 2001 and 2004 Tax Allocation Bonds (TABs) were called and replaced with a loan in the amount of \$12.1 million. The debt was refinanced with the same maturity as the TABs, 2016 and 2018 respectively, at a lower interest rate, generating \$682,000 in net present value savings. The annual debt service savings is over \$200,000 until the maturity of the 2001 TABs and over \$100,000 on the remaining life of the 2004 TABs. The savings will be reflected in the Proposed Budget based on revised debt service schedules.

A comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	<u>2012-13</u> <u>Audited</u>	<u>2013-14</u> <u>Adopted</u>	<u>2013-14</u> <u>Estimated</u>	<u>2014-15</u> <u>Recommended</u>
Revenues:				
Property Taxes	\$29,825	26,053	30,619	28,466
Investment Earnings	803	629	784	661
Other	<u>309</u>	<u>253</u>	<u>366</u>	<u>279</u>
Total Revenues	<u>30,937</u>	<u>26,935</u>	<u>31,769</u>	<u>29,406</u>
Expenditures:				
Operating	9,152	9,869	9,652	11,106
Intergovernmental Payments	7,961	7,269	7,591	7,374
Debt Service	6,699	6,713	6,693	6,690
Loan Payment	<u>1,894</u>	<u>1,894</u>	<u>1,894</u>	<u>1,894</u>
Total Expenditures	<u>25,706</u>	<u>25,745</u>	<u>25,830</u>	<u>27,064</u>
Operating Balance	5,231	1,190	5,939	2,342
CIP Refund	6,614	-0-	-0-	-0-
Transfer to Workers' Compensation	-0-	(20)	(20)	-0-
Retirees' Health UAAL	(163)	-0-	-0-	(402)
Capital Projects	<u>(2,456)</u>	<u>(4,202)</u>	<u>(4,202)</u>	<u>(2,873)</u>
Excess (Deficiency) of Revenues	9,226	(3,032)	1,717	(933)
Beginning Balance	43,442	52,668	52,668	54,385
Strategic Investment/Property Acquisition	(10,000)	-0-	-0-	-0-
General Reserve	-0-	(4,600)	(4,600)	(4,900)
Landfill Reserve	<u>-0-</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(3,000)</u>
Ending Balance	<u>\$42,668</u>	<u>43,036</u>	<u>47,785</u>	<u>45,552</u>

The \$28.5 million property tax projection for Fiscal Year 2014-15 anticipates a net decline compared to the July 1, 2013 tax roll. The projection includes increases from changes in ownership, the 0.454 percent annual CCPI and Proposition 8 restoration offset by a reduction in secured value as a result of anticipated appeals resolution. The backlog of approximately 7,300 pending appeals for properties throughout the County

includes properties located in the Shoreline Community and many owners are appealing multiple years. Although the County is unable to provide information about pending appeals specific to each local agency, it is reasonable to expect that some appeals for properties in the Shoreline Community will be successful, reducing overall property tax revenues. As noted above, revenue in the Shoreline Community does fluctuate and unsecured values are historically quite volatile. A continued decline in unsecured AV is anticipated for the upcoming fiscal year as, historically, prior cyclical declines have been over a multi-year period.

**The Fiscal Year 2014-15 recommendations are as follows:**

- Irrigation Water: \$150,000 (ongoing)

Provides funding to more accurately reflect the use of water at the park and to fund the increased cost of water.

- Transportation Management Association: \$75,000 (limited-period) and \$10,000 (ongoing)

The City Council discussed the possibility of becoming a member of the Mountain View Transportation Management Association (TMA) on February 25, 2014. The TMA membership fee is \$75,000. Membership in the TMA also obligates each member to pay annual fees. The minimum annual fee is \$10,000 but the precise fee has not yet been determined. At the meeting, Council directed staff to include the membership and annual fees in the proposed budget with a final decision on membership to be made later in the budget process.

The TMA is currently focused on developing potential shuttle routes as well as marketing and branding efforts in preparation for the launch of its shuttle operations. Staff will return to Council in late May with further information on the anticipated annual membership fees in order for Council to make a final decision on the City's membership in the TMA.

- Associate Civil Engineer – Traffic Position (0.25): \$42,500 (limited-period)

Provides limited-period funding for 0.25 FTE of an Associate Civil Engineer position (the other 0.75 FTE is recommended to be funded from the General Non-Operating and Development Services Funds). The position will support the increased workload in the Traffic Section due to the high levels of development activity.

- Associate Civil Engineer (15.0 percent): \$25,500 (limited-period)

Continuation of limited-period funding for 0.15 FTE of an Associate Civil Engineer position (the other 0.85 FTE is recommended to be funded from the Development Services, Water, Wastewater, and Solid Waste Funds). The position is used in place of consultants to handle increased workload associated with high levels of private development activity.

- Precise Plan Noticings: \$6,000 (limited-period)

Continuation of limited-period funding for noticing for the North Bayshore, Precise Plan. The notices are mailed to the Precise Plan area to notify residents of Study Sessions, Public Hearings, and neighborhood meetings.

- Amphitheatre Patrol Costs: \$14,000 (ongoing)

Provides increased funding for patrol costs related to patrolling the A/B Lots and other areas outside the Amphitheatre during concerts.

- Contract Increases: \$11,100 (ongoing)

Provides increased funding for annual park maintenance contracts, janitorial contract (offset by reduction in budgeted wages), and property tax consultant contract.

#### Major Capital Improvement Projects:

- Permanente Creek Trail-Amphitheatre Parkway Crossing, Construction: \$1,265,000
- Shoreline Boulevard 101 Off-Ramp Modification Feasibility Study: \$320,000
- Lower Stevens Creek Levee Improvements Study: \$275,000
- Shoreline Infrastructure Maintenance: \$230,000
- Sailing Lake Access Road: \$225,000
- Shoreline Pathway, Roadway Improvements: \$184,000
- Facilities Maintenance Plan: \$115,000



The anticipated decline in Fiscal Year 2014-15 AV discussed above will negatively impact the intergovernmental payment to the County and payments pursuant to the JPA are projected to increase based on the percent change in AV from July 1, 2012 to July 1, 2013.

As part of the Fiscal Year 2013-14 Adopted Budget, Council approved replacement of the \$10.0 million reserve with two new reserves: a General Reserve and a Landfill Reserve. The General Reserve is based on 25.0 percent of the Operating Budget (similar to other City reserves) and is recommended to increase \$300,000 to \$4.9 million for the upcoming fiscal year. The \$2.0 million Landfill Reserve is recommended to increase \$1.0 million for Fiscal Year 2014-15 for a total of 7.9 million in reserves.

In summary, for Fiscal Year 2014-15, property taxes are projected to decline compared to the current fiscal year estimate as the County continues to process and resolve outstanding assessment appeals. Expenditures are projected to increase compared to the current fiscal year adopted based on increased operational costs, contributions to the JPA, and funding of the Shoreline Community's share of Retiree's Health OPEB costs. After reserving the \$7.9 million and funding capital projects, the fund is projected with an ending balance of \$45.6 million. There are significant future major capital projects in the planning phases and Council has met several times to discuss the transportation, sea level, and landfill needs of the Shoreline Community.

## **UTILITY FUNDS**

### **WATER, WASTEWATER, SOLID WASTE MANAGEMENT**

The City's enterprise utility funds are fully funded by the rates charged to customers; there is no General Fund support to the utility funds. In a July 2006 California Supreme Court decision (*Bighorn*), the Court ruled that utility rates charged by governmental entities for water, sewer, and refuse services are considered property-related fees and are subject to the procedural requirements of Proposition 218, Article 130, of the California Constitution. Proposition 218 (as now interpreted) requires governmental agencies that charge for utility services to conduct a majority protest hearing prior to adopting any changes in utility rates. A notice must be mailed no later than 45 days prior to the Public Hearing, include the proposed rate adjustment and the calculation methodology, and describe the process for submitting a protest vote to the rate adjustments.

The legislation provided for future rate increases within prescribed limits to be approved without holding a hearing each year for up to an additional four years. The City has used this provision in the past when proposed rate changes fell within the pass-through and inflationary guidelines. For Fiscal Year 2014-15, the recommended water rate change and solid waste bin rate changes are within pass-through and inflationary guidelines; therefore, no Proposition 218 hearing is required for these rate changes. The base wastewater rate change is also within the guidelines; however, due to upcoming cost increases related to the City for the Palo Alto Water Quality Control Plant capital infrastructure, staff is recommending gradually phasing in rate increases (see Wastewater Section for more details). In addition, solid waste rates (except for bin rates) incorporate a rate realignment based on preliminary information from the solid waste cost of service study. This results in the recommended wastewater rate increase and solid waste rate increase (except for bin rates) requiring a Proposition 218 hearing. A Proposition 218 hearing is scheduled, prior to the adoption of any rate modifications, for June 17, 2014. Staff will be mailing a notification of the proposed rate changes on or before May 2 to meet the 45-day prescribed noticing time subject to Proposition 218.

#### **Water Enterprise Fund**

The Water Enterprise Fund accounts for the revenues and expenditures associated with the provision of retail water service to Mountain View residents and businesses. The City provides potable water service to approximately 96.0 percent of water customers within the City limits, while the California Water Service Company (a private company) provides potable water service to approximately 4.0 percent of water customers in a few previously unincorporated neighborhoods. Potable water for the City's system is obtained primarily (86.0 percent) from the San Francisco regional water (Hetch Hetchy)

system operated by the San Francisco Public Utilities Commission (SFPUC). Water is also purchased from the Santa Clara Valley Water District (SCVWD) (11.0 percent) and obtained from City-owned wells (3.0 percent). The primary costs associated with water service are the purchase of water, staffing to operate and maintain the system, ongoing maintenance, and capital replacement and improvement projects. Charges for services are designed to fully fund ongoing annual costs and a base level of annual capital improvement projects as well as to maintain adequate reserves in accordance with Council policy.

During Fiscal Year 2012-13, staff conducted a rate study for water and wastewater rates (Study). The water rate structure changes adopted for Fiscal Year 2013-14 included the following:

1. Fixed meter rates have been updated to match capacity ratios published by the American Water Works Association (AWWA).
2. Fixed meter rates have been revised to recover a greater portion of fixed costs (15 percent of total revenue).
3. Commercial/nonresidential rates have been changed from tiered volumetric rates by meter size to a uniform volumetric rate.
4. Multi-family volumetric tiered rates are based on the number of dwellings per account instead of the meter size.
5. Maintains the same average rate per unit of water for all customer classes.
6. Tiers have been set using the following principals:
  - a. Ensure the rates for all tiers are at least equal to the wholesale cost of water.
  - b. Set Tier 2 rate equal to the average rate for all customer classes.
  - c. Set rates for Tiers 1 and 3 as a percentage of the Tier 2 rate (75 percent and 160 percent, respectively, for Fiscal Year 2013-14).
  - d. Establish breakpoints for Tiers 1 and 3 so that a similar percentage of single-family and multi-family water sales fall into each tier (single-family 3 and 15 units, multi-family 2 and 7 units, respectively, for Fiscal Year 2013-14).

An overall 9.0 percent rate increase and the above rate restructuring were adopted for Fiscal Year 2013-14. At the time of rate setting last fiscal year, water sales were approximately 3.0 percent lower than prior year water sales, and projections for the remainder of the fiscal year and for Fiscal Year 2013-14 were established on this trend. This trend projected a more than \$1.0 million shortfall in revenue and, combined with prior year low water sales, was significantly drawing down on the balance in this fund. However, April and May 2013 water sales were much higher than the prior year (38 and 18 percent more) and as a result actual revenue was higher than projected. This higher water use has continued through January 2014. Current estimated revenues for Fiscal Year 2013-14 are \$28.9 million, approximately \$2.9 million (11.2 percent) higher than budget mainly due to water sales being projected on a lower trend than the currently higher use. Recycled water revenue is budgeted at \$600,000, and the current estimate is \$331,000 mainly due to the golf course using less recycled water due to its salinity level and blending with potable water to improve turf growth. Other revenues are trending higher than budgeted.

Expenditures for the current fiscal year are estimated at \$23.4 million, \$234,000 higher than the budget of \$23.2 million, primarily as a result of higher water sales offset by savings in operations. In addition, there is \$2.5 million of funding for capital projects and a \$38,000 transfer to the Workers' Compensation Fund. The fund is estimated to end the fiscal year with reserves of \$7.7 million and an ending balance of \$9.5 million.

A 25-year water supply agreement between the City and the SFPUC became effective as of July 1, 2009. The agreement provides Mountain View a supply of 13.46 million gallons per day (mgd); however, the supply will be limited to 11.43 mgd from July 1, 2011 through June 30, 2018 to protect SFPUC water sources and limit demands during construction of the Hetch Hetchy water system improvements. The agreement includes a minimum purchase requirement for the City as well as three other agencies. Due to community conservation efforts and increasing recycled water consumption, the minimum purchase requirement was not met in Fiscal Years 2010-11 and 2011-12. It was projected not to be met in Fiscal Year 2012-13, but with higher water use in the last few months of the fiscal year, water purchases were over the minimum. In addition, the City provided some of what was thought to be excess water to blend with recycled water at the Golf Course to help with turf growth.

Following a prolonged period of below-average precipitation, in January Governor Brown declared a state of emergency due to drought conditions. Based on this declaration, the SCVWD has requested its customers reduce water consumption by 20.0 percent and the SFPUC has asked its customers to reduce water consumption by 10.0 percent through June 30. In June, the SFPUC will reassess the need for voluntary conservation or mandatory water use restrictions. Due to this request, the SFPUC has

agreed to reduce the City's minimum water use requirement by up to 10.0 percent during this period of time. At the Council meeting of April 1, 2014, per the Water Shortage Ordinance/Drought Declaration, no new water use restrictions will be put in place, but staff will expand existing efforts to promote water conservation through public information and outreach programs.

A comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	<u>2012-13</u> <u>Audited</u>	<u>2013-14</u> <u>Adopted</u>	<u>2013-14</u> <u>Estimated</u>	<u>2014-15</u> <u>Recommended</u>
Revenues:				
Investment Earnings	\$ 270	228	286	241
Water Sales	24,224	24,145	27,040	26,728 <sup>(1)</sup>
Recycled Water Sales	524	600	331	600
Other	<u>1,404</u>	<u>1,005</u>	<u>1,221</u>	<u>918</u>
Total Revenues	<u>26,422</u>	<u>25,978</u>	<u>28,878</u>	<u>28,487</u>
Expenditures:				
Operating	4,907	8,648	8,249	9,084
Water Purchases	14,414	13,603	14,236	15,840 <sup>(2)</sup>
Loan Repayment –				
Recycled Water	300	300	300	300
Debt Service	<u>628</u>	<u>634</u>	<u>634</u>	<u>631</u>
Total Expenditures	<u>20,249</u>	<u>23,185</u>	<u>23,419</u>	<u>25,855</u>
Operating Balance	6,173	2,793	5,459	2,632
Capital Project Refund	3,100	-0-	-0-	-0-
Transfer to Shoreline				
Community	(3,100)	-0-	-0-	-0-
Transfer to Workers’				
Compensation	-0-	(38)	(38)	-0-
Capital Projects	<u>(2,069)</u>	<u>(2,480)</u>	<u>(2,480)</u>	<u>(2,820)</u>
Excess (Deficiency)				
of Revenues	4,104	275	2,941	(188)
Beginning Balance	10,106	14,210	14,210	17,151
Reserves	<u>(7,542)</u>	<u>(7,675)</u>	<u>(7,675)</u>	<u>(8,559)</u>
Ending Balance	<u>\$ 6,668</u>	<u>6,810</u>	<u>9,476</u>	<u>8,404</u>

<sup>(1)</sup> Based on the recommended 7.0 percent and 2.4 percent rate adjustments, as applicable.

<sup>(2)</sup> Based on the proposed 19.6 percent increase in wholesale water costs by the SFPUC, 8.6 percent proposed increase for treated water, and 9.9 percent proposed increase for well water by the SCVWD.

The major factors that influence rate setting for the Water Fund are: (1) the cost of wholesale water, (2) water consumption level, (3) annual operating costs, and (4) level of capital improvements. The cost of water purchases from the SFPUC and other water sources (approximately 62.9 percent of recommended expenditures) has been subject to major fluctuations for more than a decade and has caused the City's retail water rate adjustments to vary significantly. The SFPUC has proposed a rate increase of 19.6 percent effective July 1, 2014, and SCVWD is proposing 8.6 percent and 9.9 percent rate increases for treated water and well water, respectively, for Fiscal Year 2014-15.

The recycled water rate is set to recover the cost of the program which includes the loan repayment (\$300,000) and recycled water program operating costs (\$275,000). Staff will continue to convert customers to recycled water concurrent with water quality improvement efforts.

Annual capital project funding of \$2.3 million is included in the annual rate calculation as the three-year rolling average of annual projects. The policy is, if in any fiscal year capital projects are more or less than this amount, the difference is accounted for by an increase or decrease in Water Fund reserves. However, there are no funds in excess of policy to fund additional capital projects. In addition, the reserve policy is based on a percentage (10.0 percent for emergencies, 5.0 percent for contingencies, and 10.0 percent for rate stabilization) of operating expenditures, and as expenditures rise so does the reserve requirement. As funds are collected for updated capacity charges as recently adopted by Council to be effective July 1, 2015, this could provide funding and reduce future rate increases needed for annual capital projects.

**The Fiscal Year 2014-15 recommendations are as follows:**

- Associate Civil Engineer position (0.15): \$25,500 (limited-period)

Continuation of limited-period funding for 0.15 FTE of an Associate Civil Engineer position (the other 0.85 FTE is recommended to be funded from the Development Services, Shoreline Regional Park Community, Wastewater, and Solid Waste Funds). The position is used in place of consultants to handle increased workload associated with high levels of private development activity.

- BAWSCA Membership Dues: \$8,000

Provides funding for the increase in dues to the City's membership in the Bay Area Water Supply and Conservation Agency (BAWSCA) which represents the interest of 25 agencies and 2 private water companies that purchase wholesale water from the San Francisco regional (Hetch Hetchy) water system operated by the SFPUC.

- Major Capital Improvement Projects:
  - Miscellaneous Water Main/Service Line Replacement: \$2,165,000
  - Annual Water System Improvements: \$533,000

For Fiscal Year 2014-15, a 7.0 percent rate increase is recommended for the average cost of water rate and a 2.4 percent increase is recommended for the recycled water rate and meter rates. The Uniform and Tier 2 rates reflect the average cost of water; Tier 1 is set at 75.0 percent and Tier 2 is set at 160.0 percent of the average cost of water. Meter rates are tied to the capacity ratios published by the American Water Works Association (AWWA). Because of these relationships, the individual rate increase may be more or less than the 7.0 percent or 2.4 percent stated. The rate restructuring and increased water sales over the last year have improved the financial position of this fund. Although the SFPUC is proposing a 19.6 percent increase in wholesale water costs along with the proposed 8.6 percent and 9.9 percent increases in SCVWD treated and well water costs, respectively, and increases in operating costs, the fund is projected to maintain operations and an adequate reserve with the rate increases recommended.

Fiscal Year 2014-15 projected revenues, with the recommended rate adjustments and assuming a 10.0 percent reduction in water use due to the drought, are \$28.5 million and recommended expenditures are \$25.9 million (after eliminating the budget effect of depreciation expense). Included in expenditures are the proposed rate adjustments to wholesale water costs. It is anticipated the SFPUC rate will be adopted at its meeting on May 13, 2014. Staff will provide an update to Council of any changes to the proposed rate increase in the Proposed Budget. Recommended fee modifications are included in Attachment 2, and a comparison of the current rates and the recommended rates are included in Attachment 16.

The operating balance of \$2.6 million is recommended to partially fund capital projects of \$2.8 million and increases in the reserve of \$884,000 due to higher expenditures mainly due to water costs. This results in a reserve balance of \$8.6 million and the Fiscal Year 2014-15 ending balance is projected to be \$8.4 million.

Future fiscal year rates are anticipated to be impacted by the continued projected rate increases for implementation of the SFPUC capital improvements to the Hetch Hetchy system. The SFPUC has provided estimated future water rate increases of 12.0 percent, 0.3 percent, 5.8 percent, and 14.2 percent for Fiscal Years 2015-16 to 2018-19, respectively. The five-year CIP includes additional funding for the purchase of remote-read capable meters to accelerate the routine meter replacements. It is estimated that on



this accelerated plan, 5.0 percent of meters will be replaced annually, resulting in an estimated 20-year replacement cycle.

### **Wastewater Enterprise Fund**

The Wastewater Enterprise Fund is the utility fund that accounts for the costs and revenues associated with the collection, transportation, and treatment of liquid wastes generated from all residences and businesses in the City. Other associated functions included in this fund are the Hazardous Materials Permit Program and the Industrial Liquid Waste Management Program. Expenditures in the Wastewater Fund include the construction and maintenance of sanitary sewer lines, stormwater lines, and pump stations; the City's share of costs associated with the operation of the Palo Alto Regional Water Quality Control Plant (PARWQCP) in which the City is a partner; and personnel costs for the operation and maintenance of the system. This fund is affected by costs associated with stringent requirements for the treatment plant and stormwater discharges into San Francisco Bay and fluctuations in water usage. Revenues are partially governed by the amount of water used by commercial dischargers in the City each fiscal year.

During Fiscal Year 2012-13, staff conducted a rate study for water and wastewater rates (Study). For the wastewater rate structure, there were minimal changes which included reallocating wastewater rates based on updated sewer flows and loadings, or the strength of the flow, for different customer classes. An overall 7.0 percent rate increase and the above rate restructuring were adopted for Fiscal Year 2013-14. Estimated revenues for the current fiscal year are \$15.4 million, \$109,000 (0.1 percent) higher than the budget of \$15.3 million mainly due to wastewater service charges slightly higher than budget.

Operating expenditures are currently estimated at \$13.4 million, \$862,000 (6.1 percent) below the budget of \$14.2 million due to operating savings and a credit from the PARWQCP. Each fall, an annual reconciliation of the prior fiscal year's actual treatment costs (based on volume) is performed by the PARWQCP, and an adjustment is provided to each member agency. The City's share of actual expenditures of the treatment plant for last fiscal year were lower than budgeted, resulting in a credit of \$273,000 netted against the current fiscal year treatment costs.

In addition, there is \$2.9 million in capital projects and a \$79,000 transfer to the Workers' Compensation Fund. The fund is estimated to end the fiscal year with a reserve balance of \$6.0 million and an ending balance of \$6.1 million. The reserve balance is higher than the required policy balance and in the future could be drawn upon to supplement ongoing annual capital projects above the base level built into the

rates or could be used for large sanitary sewer “trunk” main rehabilitation projects that are included in the future years of the CIP.

A comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	<u>2012-13</u> <u>Audited</u>	<u>2013-14</u> <u>Adopted</u>	<u>2013-14</u> <u>Estimated</u>	<u>2014-15</u> <u>Recommended</u>
Revenues:				
Hazardous Materials/ Fire Safety Permits	\$ 447	425	428	425
Investment Earnings	256	231	221	186
Wastewater Service	13,949	14,518	14,660	15,247 <sup>(1)</sup>
Other	<u>609</u>	<u>84</u>	<u>58</u>	<u>84</u>
Total Revenues	<u>15,261</u>	<u>15,258</u>	<u>15,367</u>	<u>15,942</u>
Expenditures:				
Operating	5,397	6,047	5,458	6,086
Wastewater Treatment	<u>7,976</u>	<u>8,173</u>	<u>7,900<sup>(2)</sup></u>	<u>8,403</u>
Total Expenditures	<u>13,373</u>	<u>14,220</u>	<u>13,358</u>	<u>14,489</u>
Operating Balance	1,888	1,038	2,009	1,453
Transfer to Workers’ Compensation	-0-	(79)	(79)	-0-
Capital Projects	<u>(1,663)</u>	<u>(2,851)</u>	<u>(2,851)</u>	<u>(2,080)</u>
Excess (Deficiency) of Revenues	225	(1,892)	(921)	(627)
Beginning Balance	12,782	13,007	13,007	12,086
Reserves	<u>(5,983)</u>	<u>(5,984)</u>	<u>(5,984)</u>	<u>(6,274)</u>
Ending Balance	<u>\$ 7,024</u>	<u>5,131</u>	<u>6,102</u>	<u>5,185</u>

<sup>(1)</sup> Based on a recommended 4.0 percent rate increase.

<sup>(2)</sup> Includes \$273,000 credit for the prior fiscal year.

**The Fiscal Year 2014-15 recommendations are as follows:**

- Associate Civil Engineer position (0.15): \$25,500 (limited-period)

Continuation of limited-period funding for 0.15 FTE of an Associate Civil Engineer position (the other 0.85 FTE is recommended to be funded from the Development Services, Shoreline Regional Park Community, Water, and Solid Waste Funds). The position is used in place of consultants to handle increased workload associated with high levels of private development activity.

- Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP) and National Pollutant Discharge Elimination System (NPDES) Permit Fees: \$8,000

Provides increased funding for the SCVURPPP assessment and NPDES permit fees due to increases in trash control and new requirements that will take effect during Fiscal Year 2014-15.

- Major Capital Improvement Projects:
  - Miscellaneous Storm/Sanitary Sewer Main Replacement: \$1,495,000
  - Interceptor and Central Trunk Main Rehabilitation – Design: \$324,000
  - Wastewater System Improvements: \$149,000

Costs for the PARWQCP are proposed to increase 2.8 percent for Fiscal Year 2014-15, resulting in the cost of wastewater treatment to be 58.0 percent of the total recommended operating expenditures. A 2.0 percent overall rate increase is recommended for Fiscal Year 2014-15 due to the 2.8 percent increase from PARWQCP and operating cost increases. For rate-setting purposes, a \$1.7 million base level of annual maintenance capital projects is assumed for Fiscal Year 2014-15.

In addition to the 2.0 percent overall rate increase for operations, there are future capital expenditures forecasted for the PARWQCP (see Attachment 17). The treatment plant began operations in 1972 and is in need of major renovations. The PARWQCP has provided staff with a preliminary projection of the future costs necessary for the renovations and are projecting costs to increase to approximately \$1.5 million annually in five years (Fiscal Year 2018-19) and rise to a peak projection of \$3.6 million annually in 13 years (Fiscal Year 2026-27). This is the PARWQCP's first estimate at quantifying costs and will be revised as needed until the numbers are final. A cumulative rate increase of 20.0 percent is estimated to be needed to achieve the maximum annual \$3.6

million. With the advanced notice and planning, this allows for a gradual phase in of the rate increases necessary to fund these long-term capital costs. Therefore, staff is recommending a plan to increase rates 2.0 percent annually for the next 10 years attributable to the major renovations for the PARWQCP. By gradually phasing in the rates, this allows for a lesser impact associated with the renovations of the treatment plant and spreads the impact of the costs to the rate payers who will be receiving the benefits of the improvements. This is also taken into consideration as there are rate impacts necessary for the City's own necessary long-term capital improvements (see below).

In the Study Session on the Capital Improvement Program (CIP) on March 18, 2014, staff indicated there are major sewer main replacement projects necessary. The City's wastewater collection system is comprised of 157 miles of pipe and the majority of the trunk main infrastructure was installed in the 1950s and 1960s. The 2010 Sewer Master Plan identified large segments of the east, central, and west mains were nearing the end of their service life or potentially needing substantial rehabilitation. In addition to the annual maintenance of sewer lines of approximately (\$1.7 million) that are built into the rates, staff is projecting an additional \$26.0 million in capital projects over the next 12 years. If bonds are issued for the \$26.0 million in projects to be amortized over 25 years, a cumulative rate increase of 11.0 percent is estimated for the City's wastewater major capital projects. Staff is again recommending phasing in these rates in small increments, with a 2.0 percent increase recommended beginning in Fiscal Year 2015-16 and 1.0 percent incremental annual increases for an additional nine fiscal years. This would provide for the gradual incremental rate increase impact over 10 fiscal years to fund the debt necessary over a 25-year life. However, as funds are collected for updated capacity charges as recently adopted by Council to be effective July 1, 2015, this could provide funding and reduce future rate increases needed for annual capital projects.

Based on the recommended overall 4.0 percent rate increase, revenues for next fiscal year are projected at \$15.9 million and recommended operating expenditures are \$14.5 million (after eliminating the budget effect of depreciation expense), leaving an operating balance of \$1.5 million. In addition, there is \$2.1 million of funding for capital projects resulting in total expenditures exceeding revenues by \$627,000. A reserve balance of \$6.3 million, including the accumulation of the 2.0 percent rate increase for PARWQCP capital costs, and an ending balance of \$5.2 million are projected at the end of Fiscal Year 2014-15.

### **Solid Waste Management Enterprise Fund**

The Solid Waste Management Enterprise Fund is the utility fund that accounts for the revenues and expenditures for solid waste-related services, including trash collection and disposal, recycling services, street sweeping, and maintenance of two of the City's three closed landfill sites.

Refuse (trash and recycling) generated in the City is transported to the SMaRT<sup>®</sup> Station (of which we are one of three partners) for removal of recyclables with the remaining trash transported for final disposal at the Kirby Canyon Landfill in South San Jose. The City provides a variety of services through an outside contractor (Recology) for the collection of trash and recyclables. The City bills and collects all revenues for solid waste services.

Fiscal Year 2013-14 is the first full year of the new trash and recycling collection services agreement with Recology. This agreement expanded diversion services primarily to bin customers, increased convenience for cart customers through additional curbside collections, and expanded drop-off services at the Mountain View Recycling Center. An overall average rate increase of 7.0 percent was adopted for Fiscal Year 2013-14. This includes a 9.0 percent increase for cart, debris box, and compactor rates, and a 6.0 percent increase for bin rates. Current City revenue estimates for Fiscal Year 2013-14 are \$11.8 million compared to the budget of \$11.6 million. Trash and recycling service charges are trending \$150,000 higher than budget.

City expenditures are estimated at \$12.0 million, \$161,000 (1.4 percent) higher than the adopted budget of \$11.8 million. The reconciliation for Fiscal Year 2012-13 SMaRT Station costs were more than budgeted, resulting in an amount due of \$398,000 (increase appropriation approved by Council on February 11, 2014) and is reflected in the current fiscal year estimated. Recology revenues and expenditures are not considered part of the City's budget as these are contractually passed through to Recology.

Operating expenditures are projected to exceed operating revenues by \$187,000, primarily due to the additional charges related to the prior fiscal year. In addition, there is \$277,000 in capital projects and an \$18,000 transfer to the Workers' Compensation Fund. At the end of the current fiscal year, the fund is estimated with a reserve balance of \$3.0 million and an ending balance of \$2.1 million.

A comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	<u>2012-13</u> <u>Audited</u>	<u>2013-14</u> <u>Adopted</u>	<u>2013-14</u> <u>Estimated</u>	<u>2014-15</u> <u>Recommended</u>
Revenues:				
Investment Earnings	\$ 78	62	70	57
Trash and Recycling Service Charges	11,142	11,341	11,491	11,820 <sup>(1)</sup>
Other	<u>303</u>	<u>239</u>	<u>258</u>	<u>219</u>
City Revenues	11,523	11,642	11,819	12,096
Recology Revenues <sup>(2)</sup>	<u>12,060</u>	<u>13,529</u>	<u>13,509</u>	<u>13,680</u>
Total Revenues	<u>23,583</u>	<u>25,171</u>	<u>25,328</u>	<u>25,776</u>
Expenditures:				
Operating Disposal and SMaRT Station Charges	4,220	4,525	4,297	4,721
	<u>6,742</u>	<u>7,320</u>	<u>7,709<sup>(3)</sup></u>	<u>7,187</u>
City Expenditures	10,962	11,845	12,006	11,908
Recology Payments	<u>12,060</u>	<u>13,529</u>	<u>13,509</u>	<u>13,680</u>
Total Expenditures	<u>23,022</u>	<u>25,374</u>	<u>25,515</u>	<u>25,588</u>
Operating Balance	561	(203)	(187)	188
Transfer to Workers' Compensation	-0-	(18)	(18)	-0-
Retirees' Health UAAL	(19)	-0-	-0-	-0-
Capital Projects	<u>(253)</u>	<u>(277)</u>	<u>(277)</u>	<u>(276)</u>
Excess (Deficiency) of Revenues	289	(498)	(482)	(88)
Beginning Balance	5,248	5,537	5,537	5,055
Reserve	<u>(2,728)</u>	<u>(2,966)</u>	<u>(2,966)</u>	<u>(2,977)</u>
Ending Balance	<u>\$ 2,809</u>	<u>2,073</u>	<u>2,089</u>	<u>1,990</u>

(1) Based on a recommended overall 2.0 percent average rate adjustment.

(2) Neither revenues nor expenditures are adopted for Recology.

(3) Includes \$398,000 due to SMaRT Station reconciliation for the prior fiscal year.

**The Fiscal Year 2014-15 recommendations are as follows:**

- Recology Diversion Incentive: \$100,000 (ongoing)

The new collection services agreement with Recology provides for a diversion incentive whereby Recology is eligible for a financial incentive payment if it attains certain diversion targets. The maximum payment per year is \$100,000, but may be less for any given year.

- Residential Food Waste Pilot Program: \$60,500 (limited-period)

Provides funding to implement a pilot program to collect food waste from residential customers. The other SMaRT partners are currently (Palo Alto) or will be (Sunnyvale) running a residential food waste pilot program. Each partner agreed to implement a different pilot and share results. This will allow Mountain View to choose from several different options if a full-scale program is desired.

- Irrigation Water: \$37,000 (ongoing)

Provides increased funding for water used for landfill cap maintenance.

- City Utility Increase: \$13,000 (ongoing)

Provides increase for City utility services used by City departments.

- Associate Civil Engineer position (0.05): \$8,500 (limited-period)

Continuation of limited-period funding for 0.05 FTE of an Associate Civil Engineer position (the other 0.95 FTE is recommended to be funded from the Development Services, Shoreline Regional Park Community, Water, and Wastewater Funds). The position is used in place of consultants to handle increased workload associated with high levels of private development activity.

- Major Capital Improvements:

- Shoreline Landfill Cap Maintenance and Repairs: \$126,000

- Landfill Gas/Leachate System Repairs and Improvements: \$126,000

For Fiscal Year 2014-15, the second year of the new agreement with Recology provides for a 1.1 percent increase. SMaRT station costs are currently proposed to increase 0.31

percent. During Fiscal Year 2012-13, staff began a Cost of Service Study (COS Study) to review the rate structure and potentially realign rates to reflect the cost of collection and disposal. Due to the timing of the implementation of new services negotiated in the new agreement with Recology, the completion of the COS Study was placed on hold until a full year of new service levels could be completed. Now that a full year of new service levels will be completed as of June 30, 2014, the COS Study will be completed in Fiscal Year 2014-15. The revenues generated for trash and recycling services are based on trash service, and as diversion opportunities increase, consumers will continue to reduce service levels for trash, resulting in lower total revenues. However, the cost to pick up and haul both recycling and trash remains and increases with inflation. In addition, rates are charged based on volume while disposal costs are based on weight.

Based on the 1.1 percent increase for Recology, the 0.31 percent increased operating costs proposed for the SMaRT Station, as well as increases in the cost of City programs and the annual maintenance projects, an overall average 2.0 percent rate increase is recommended for Fiscal Year 2014-15. Based on preliminary indications from the COS Study in progress, staff is recommending the cart, debris box, and compactor rates increase 3.0 percent, with a 1.0 percent increase for bin rates to phase in aligning rates with the cost of service. With a 3.0 percent cart rate increase, the rate for a 32-gallon cart will increase by 70 cents a month to \$23.30 per month. Attachment 2 includes recommended fee modifications and Attachment 16 includes a comparison of the current rates and the recommended rates.

Revenues for Fiscal Year 2014-15 are projected to total \$25.8 million (City revenues of \$12.1 million) with total expenditures of \$25.6 million (City expenditures of \$11.9 million). There is also funding of \$276,000 for capital projects. The fund is projected to end the 2014-15 fiscal year with a reserve at the policy level of \$3.0 million and a \$2.0 million ending balance.



## **RESERVES**

The City has established reserves for various purposes in the General Fund, Shoreline Regional Park Community Fund, Utility funds, and Internal Services funds. A major factor considered by Standard & Poor's in reconfirming the City its AAA underlying credit rating is the structure and funding status of reserves. Most reserves are established pursuant to City Council Policy A-11, Section 4, Reserve Policies, and others have been approved, as needed, by City Council. A discussion regarding the reserve classifications, estimated fiscal year-end reserve balances compared to policy, or target balances and the recommended allocations are described below.

Utility reserves are recorded in the Water, Wastewater, and Solid Waste Management Funds for emergencies, contingencies/rate stabilization, and capital improvements.

### **Reserve Classifications**

Reserves can be classified as those uncommitted but designated for a specific purpose and those created to fund liabilities.

- Reserves uncommitted but designated for specific purposes:
  - General Fund Reserve
  - General Fund Budget Contingency Reserve
  - Earned Lease Revenue Reserve
  - Capital Improvements
  - Open Space Acquisition
  - Strategic Property Acquisition
- Reserves to fund liabilities:
  - Property Management
  - Graham Site Maintenance
  - Child-Care Center Commitment
  - Compensated Absences
  - PERS Liability
  - Equipment Replacement
  - Workers' Compensation Self-Insurance
  - Unemployment Self-Insurance
  - Liability Self-Insurance
  - Retirees' Health Insurance Program

Reserves in the first group are uncommitted but designated for a specific purpose and are funded entirely by the General Fund. Those in the second group have current or future liabilities offsetting all or most of the reserve balance and, with the exception of the Property Management, Graham Site Maintenance, and Child-Care Center Commitment Reserves, receive transfers from multiple operating funds. For the Compensated Absences, Workers' Compensation, and Retirees' Health Program, the liability currently exceeds the reserve balance. The Compensated Absences, Workers' Compensation, and Liability Reserves will be recalculated as of June 30, 2014. The Workers' Compensation Reserve requirement has recently increased with the actuarial valuation as of June 30, 2013. For the Retirees' Health Program, the City continues to accumulate funds toward this liability that is required to be recalculated every two years. As noted in this report, staff is recommending contributions towards the Retirees' Health Trust Fund of \$1.0 million from the Fiscal Year 2013-14 carryover and additional \$1.0 million contributions for the next two fiscal years.

Reserves are essential elements in maintaining financial stability, meeting long-term objectives, and providing the ability to respond to unanticipated situations. They are also a source of interest income that is used for operating needs or offsets other funding requirements.

The Fiscal Year 2014-15 General Operating Fund includes \$2.0 million projected budget savings that contributes to balancing the budget. One risk to this method is that budget savings fluctuate from fiscal year to fiscal year; in the past, it has ranged from \$2.3 million to \$4.8 million. Budget savings are reduced from a previous average of \$2.8 million in the prior fiscal year to \$2.0 million for Fiscal Year 2014-15 due to the targeted savings not being attained. There is also a risk to this method during a period of contraction whereby budget savings may be reduced due to the reduction of positions and other expenditures. In addition, this will result in a lower operating balance for future fiscal years to fund and supplement reserves, including the CIP Reserve. If the budget savings are not fully realized, any shortfall will need to be funded from the Budget Contingency Reserve. The assumed savings was reduced to \$2.0 million to better reflect recent experience, after several years of budget reductions.

## Background and Analysis

The table below details the estimated balance, recommended allocations, recommended balance and policy/target balance for each reserve (dollars in thousands):

	6/30/14 Estimated Balance	Amount Recommended for Allocation	Other Funds	7/1/14 Recommended Balance	Policy/ Target Balance
Uncommitted but Designated for Specific Purpose:					
GF Reserve <sup>(1)</sup>	\$24,520	915	-0-	25,435	25,435 <sup>(1)</sup>
GF Budget Contingency	5,209	-0-	-0-	5,209	5,209
GF Earned Lease Revenue	550	-0-	-0-	550	1,743
GF Capital Improvements	9,833	1,356 <sup>(2)</sup>	-0-	11,189 <sup>(3)</sup>	8,452 <sup>(3)</sup>
GF Open Space Acquisition	2,488	(2,488)	-0-	-0-	-0-
GF Strategic Property Acquisition <sup>(4)</sup>	<u>7,100</u>	<u>2,488</u>	<u>-0-</u>	<u>9,588</u>	<u>9,588</u>
Subtotal	<u>49,700</u>	<u>2,271</u>	<u>-0-</u>	<u>51,971</u>	<u>50,427</u>
To Fund Liabilities:					
GF Property Management	1,600	-0-	-0-	1,600	1,600
Graham Site Maintenance	1,200	-0-	-0-	1,200	1,200
GF Child-Care Commitment	1,561	-0-	-0-	1,561	1,561
Compensated Absences	7,000	1,200	200	8,400	8,311 <sup>(5)</sup>
GF PERS Liability	-0-	-0-	-0-	-0-	-0-
Equipment Replacement <sup>(6)</sup>	22,700	-0-	-0-	22,700	22,700
Workers' Compensation <sup>(6)</sup>	7,500	800	-0-	8,300	8,294 <sup>(7)</sup>
Unemployment <sup>(6)</sup>	150	-0-	-0-	150	150
Liability Self-Insurance <sup>(6)</sup>	<u>4,450</u>	<u>(500)</u>	<u>-0-</u>	<u>3,950</u>	<u>3,897<sup>(7)</sup></u>
Subtotal	<u>46,161</u>	<u>1,500</u>	<u>200</u>	<u>47,861</u>	<u>47,713</u>
Total	<u>\$95,861</u>	<u>3,771</u>	<u>200</u>	<u>99,832</u>	<u>98,140</u>
Retirees' Health <sup>(8)</sup>	<u>\$81,262</u>	<u>1,000</u>	<u>-0-</u>	<u>82,262</u>	<u>106,121<sup>(8)</sup></u>

<sup>(1)</sup> Policy balance is calculated as 25.0 percent of the General Operating Fund budget to be determined with the adopted budget.

<sup>(2)</sup> To be determined based on actual results for Fiscal Year 2013-14.

<sup>(3)</sup> Includes \$3.5 million prepaid lease from Downtown Family Housing Project.

<sup>(4)</sup> Reduced by \$1.6 million borrowed to fund the Franklin Street property acquisition. To be repaid with disposition of the remaining parcel.

<sup>(5)</sup> Based on the liability established as of June 30, 2013.

- (6) Funding provided by the General Fund, Building/Development Services, Shoreline Golf Links, Parking District, Community Development Block Grant (CDBG), Shoreline Regional Park Community, Enterprise Funds, and Fleet Maintenance, as applicable.
- (7) Actuarial liability, in addition to reserve for catastrophic claims per policy, as applicable.
- (8) Funds accumulated in the California Employers' Retiree Benefit Trust (CERBT)

### General Fund Reserve

Per Policy A-11, the General Fund Reserve has a policy balance of 25.0 percent of the General Operating Fund adopted expenditures. This reserve is the source of funding for necessary, but unanticipated, expenditures during the fiscal year, unanticipated revenue shortfalls, source for interfund loans, emergencies, and to generate ongoing interest earnings. In Fiscal Year 2009-10, up to \$1.0 million in the General Fund Reserve was earmarked for the first-time homebuyers program. These loans would be considered as an investment alternative and would be included as funds toward the 25.0 percent policy balance. No loans have been issued to date.

For Fiscal Year 2014-15, \$915,000 is estimated to be needed to supplement this reserve to meet policy level based on recommended expenditures. The final amount needed will be calculated with the adopted budget. Any use of this reserve for the remainder of the fiscal year will increase the amount needed to supplement this reserve.

### General Fund Budget Contingency Reserve

This reserve was created during the downturn in the economy in the early 2000s to position the City to adjust to anticipated lower revenues and provide financial flexibility in case revenue estimates were not met or State actions forced further budget reductions. In Fiscal Year 2006-07, the Council consolidated and eliminated what was believed at the time to be an unnecessary reserve as the economy and City revenues had improved. Unfortunately, in Fiscal Year 2008-09, the economy plunged into the deepest recession since the Great Depression and there was the need to reestablish this reserve.

Over the past several fiscal years, this reserve has been used for the transitioning of positions to be eliminated, the phasing out of certain expenditures, in addition to funding for the transitioning of employee benefit changes, Shoreline Golf Links to a new operating model, and the elimination of the City's redevelopment agency. The reserve remains with a balance of \$5.2 million available for the next economic downturn.

### General Fund Earned Lease Revenue

In April 2011, the City leased to Google Inc. (Google) the remaining portion of the Charleston East site and Google prepaid \$30.0 million as rent for the 53-year lease term that coincides with the lease term of the northern portion of the site. The initial \$30.0 million has been placed in a fiduciary fund for the benefit of Google. The annual rent of \$580,900 is recognized as it is earned and accumulated in this reserve with the intent the \$30.0 million principal balance will be available at the end of the 53-year lease term. Based on an average 3.5 percent rate of interest, it was originally projected annual average interest earnings would be \$1.1 million. Currently, \$750,000 is transferred annually as revenue to the General Operating Fund and, due to the continuing low-interest-rate environment, it is recommended the annual transfer remain at \$750,000 until interest rates rise and the projected interest rate can be reevaluated. This reserve is below the target level.

### General Fund Capital Improvements Reserve

The City has a long-term policy to reserve a minimum of \$5.0 million for unspecified capital improvement projects in the General Fund Capital Improvement Reserve. This provides flexibility in the City's planning for capital projects, serves as a contingency fund for capital projects, generates ongoing investment earnings, and also serves as an emergency pool of funds for unanticipated high-priority capital needs. This reserve generally receives an allocation from the General Fund carryover balance.

There is \$350,000 from this reserve that was used to fund the San Antonio and El Camino Real Precise Plans. With the recommendation for the creation of the Development Services Fund (DSF), this fund is an appropriate funding source for Precise Plans and it is recommended the \$350,000 be refunded to the CIP reserve. In addition, after other recommended allocations from the Fiscal Year 2013-14 General Fund carryover, it is recommended any balance remaining between \$1.0 and \$2.0 million be allocated to this reserve. There is currently estimated to be \$1.4 million of remaining carryover to be allocated. However, if the remaining carryover is less than \$1.0 million or greater than \$2.0 million, staff will return to Council for approval of the remaining carryover after the fiscal year-end close.

In June 2009, \$3.5 million was appropriated for the acquisition of the property at 263 Escuela Avenue and was repaid from the land lease prepayment for the Downtown Family Development Project in Fiscal Year 2011-12. However, these funds are considered unearned revenue and are available to be allocated as rent is earned.

### General Fund Open Space Acquisition Reserve

This reserve was established for the purpose of acquiring open space to meet the needs of the City. In Fiscal Year 2007-08, \$3.0 million from available balances was allocated to this reserve and \$1.2 million was transferred to capital projects in Fiscal Year 2009-10. Council Policy A-11 provides the proceeds from sale of surplus property be allocated to this reserve if there is no other recommendation. These funds are designated to be available as supplemental funding to Park Land Dedication Fees for open space acquisition.

Staff has recommended the balance of the reserve, \$2.5 million, be transferred to the Strategic Property Acquisition Reserve as a partial repayment of the \$3.4 million SPAR advanced for the purchase of 771 North Rengstorff Avenue that has now been dedicated for park and open space.

### General Fund Strategic Property Acquisition Reserve

This reserve was created in Fiscal Year 2000-01 for the purpose of setting aside specific funds for the City to use for the acquisition of strategic property(ies) in order to take advantage of economic development opportunities. The proceeds from the sales of City-owned property have been placed in this reserve as one source for its funding.

On April 26, 2011, Council authorized the use of \$1.6 million of these funds as a loan to acquire the property located at 449 Franklin Street. The funds will be replenished from the sale of the remaining portion of the property after the property is subdivided.

On May, 7, 2013, Council authorized the use of \$3.4 million of funds as an advance to acquire the 771 North Rengstorff Avenue property until the final usage of the property was determined. The Council has designated the property for a park and staff is recommending the \$2.5 million Open Space Acquisition Reserve Fund balance be used to repay a portion of the advance made by the SPAR.

In addition, approximately \$767,000 of SPAR funds has been earmarked for the remaining balance owed, after consideration of the forgiveness of loans, for the previous Revitalization Authority properties (i.e., Franklin Street and Bryant Street parcels).

SPAR also received funds of \$1.1 million from the proceeds of the sale of 240 Bryant Street. The estimated balance available is \$9.6 million, of which staff has recommended \$5.0 million could be used toward the funding of the capital improvements for the Community Center if the Council chooses to pursue those improvements.

Other pending items are the potential sale of the property located behind El Camino Real. If completed, the proceeds of \$1.95 million will be deposited into this reserve. The City also has an option to purchase the property located on Franklin Street for \$1.1 million. As the City will be assuming title of the former Revitalization Authority adjacent parcel, it would be practical to exercise the City's option.

#### General Fund Property Management Reserve

This reserve was established in Fiscal Year 1995-96 to provide a source of funds for landlord obligations that could arise from the lease of City property in the North Bayshore Area. These obligations could include environmental testing, certain responsibilities identified in land leases, or other costs normally incurred by a lessor. There is a balance of \$1.6 million in this reserve.

#### Graham Site Maintenance Reserve

This reserve was established in Fiscal Year 2004-05 to fund maintenance obligations for the Graham Sports Complex. In the agreement with the school district to construct the reservoir beneath the playing fields at Graham Middle School, the Water Fund contributes \$220,000 per year to this reserve. The City agrees to maintain this site and the General Operating Fund is reimbursed from this reserve for the maintenance costs of the Graham Sports Complex. A capital project of \$650,000 to replace the turf of the playing fields at the Graham Sports Complex is proposed in the Fiscal Year 2014-15 Capital Improvement Plan to be funded from this reserve.

#### General Fund Child-Care Commitment Reserve

With the adoption of the Fiscal Year 2005-06 budget, the Council set aside \$1.2 million as part of the financing plan for the Child-Care Center. The \$1.2 million funded a portion of the initial \$200,000 payment (prior to the operator assuming operations) to the Packard Foundation and will fund the balloon payment due at the end of Year 8 (Fiscal Year 2015-16). The target balance of \$1.6 million is estimated to be reached by the end of the current fiscal year. Community Gatepath was selected as the new operator of the Child-Care Center and assumed operations in February. Community Gatepath will continue to make the same annual payments. Once the Packard Foundation loan is repaid, the annual \$200,000 payment may be reprogrammed for other purposes.

### Compensated Absences Reserve

The Compensated Absences Reserve was established in Fiscal Year 1991-92 to fund the City's liability for the accrued vacation, comp time, and sick leave obligations of employees in all funds except the Enterprise and Internal Services Funds. The liabilities of the Enterprise and Internal Services Funds are recorded in those respective funds as required by governmental accounting standards. This reserve is drawn down for leave payoffs to separating and retiring employees (for accumulated vacation and sick leave, if applicable, under the City's Personnel Rules) and current employee vacation cash-out payments during the fiscal year. The leave liability is recalculated, in accordance with generally accepted accounting principles, each fiscal year with the close of the City's financial records.

During Fiscal Year 2012-13, \$1.1 million was paid out of this reserve and \$1.1 million has been paid out year-to-date for the current fiscal year. The calculated liability for this reserve has decreased \$466,000 from the prior fiscal year, possibly in part due to structural changes agreed to by employee groups. However, the current estimated reserve balance of \$7.0 million is below the calculated liability of \$8.3 million as of June 30, 2013. Staff is recommending to supplement the reserve \$1.2 million from the General Fund carryover, and \$200,000 additional funding from other funds, to bring the balance to the policy level. The liability will be recalculated at the close of the current fiscal year.

### General Fund Public Employees Retirement System (PERS) Liability Reserve

The PERS Liability Reserve was created with the Fiscal Year 2004-05 Adopted Budget to mitigate the City's anticipated rising retirement costs related to prior year PERS investment portfolio losses. In the boom years of the dot-com, the City benefited from PERS investments, achieving significantly higher investment returns than the return assumed in actuarial calculations. Excess investment returns resulted in the City being overfunded from an actuarial standpoint and retirement rates were temporarily reduced.

When PERS investment surpluses began to lower retirement rates, the City established a policy of budgeting normal cost in an attempt to avoid significant swings in the budget due to temporary changes in PERS rates. During the fiscal years between 1999-2000 and 2002-03, the actual amounts paid to PERS were less than the City's normal costs and this difference was considered one-time savings and was set aside in the General Fund PERS Liability Reserve.



The PERS Reserve has been used to reduce the unfunded liability created when enhanced retirement benefit plans for employees were granted in the past. The remaining balance in the PERS Liability Reserve has been used to fund a portion of the City's PERS costs in order to manage higher PERS rates by phasing them into the General Operating Fund over several fiscal years. The remaining balance was transferred in Fiscal Year 2013-14 as the final year of funding from this reserve.

As a result of the significant financial losses to PERS and the resulting impacts to the financial sustainability of the pension plans, many changes in the way PERS rates are calculated have been adopted in the past several years, including the methodology and amortization for smoothing rates, the reduction in the discount rate from 7.75 percent to 7.5 percent, and most recently the changes in demographic assumptions, primarily related to life expectancy. Staff has analyzed the projected impacts from these changes and incorporated the projected PERS rates in the Long-Range Financial Forecast.

There is a recommendation of \$1.0 million from the Fiscal Year 2013-14 carryover balance be contributed to pay down the City's PERS liability. With the investment losses during the recession and changes in methodology and assumptions, the funding status for this liability has dropped to less than 70.0 percent. Any additional contributions to PERS generates a 7.5 percent rate of return and assists in reducing the City's unfunded liability and consequently rates.

#### Equipment Replacement Reserve

The City established the Equipment Replacement Reserve in Fiscal Year 1991-92 to stabilize the annual funding needed for the replacement of certain City equipment. Level annual contributions are received from various funds and this reserve absorbs the large fluctuations in annual expenditures for equipment replacement from fiscal year to fiscal year. Only major categories of fixed assets are included in the Equipment Replacement Fund. The assets included are all vehicles, information technology equipment (e.g., computers, printers, servers, etc.), Police and Fire radios, CAD/RMS system hardware, and Communications Center furniture and equipment. The equipment for the maintenance of Shoreline Golf Links is also separately accounted for in the Equipment Replacement Reserve. The annual contribution level is based on the cost or estimated replacement cost of the asset divided by the estimated useful life of the asset.

The current estimated balance of \$22.7 million is on target with the policy balance. Equipment replacements scheduled for Fiscal Year 2014-15 total \$2.8 million, plus there is \$2.7 million recommended to be rebudgeted (from the \$5.3 million budgeted in the current fiscal year) for a total of \$5.5 million. Staff will be reviewing all items before

purchasing and will only replace those items necessary due to expected failure or that will provide improved efficiencies.

#### Workers' Compensation Self-Insurance Reserve

The Workers' Compensation Fund was established by Council resolution in 1975 to account for the City's self-insured obligations for Workers' Compensation liabilities to City employees injured while at work. In 2010, the City reviewed the cost-effectiveness of the Self-Insurance Program to determine if this program continues to be cost-effective in comparison to purchasing insurance. Based on the City's loss experience, payroll, Workers' Compensation Insurance Rating Bureau (WCIRB) pure premium rate estimates, employee class codes, and insurance company charges for Workers' Compensation services, it was estimated the cost of the Self-Insurance Program would be \$1.6 million (paid costs, reserves were not factored in as future potential cost exposure) and an insured program would have cost \$2.4 million.

The primary reasons to be self-insured is to control costs and pay claims as they are incurred to maximize cash flow and provide timely and better services. When insured, one pays the entire premium fees up front and then the insurance carrier manages the claim in hopes of incurring less cost.

Expenditures paid out of this fund include the cost for the City's third-party administrator (TPA), the insurance above our self-insurance retention of \$750,000, claims, indemnity payments, and the State self-insurance fee. The Council approved a contract for a new TPA, effective July 1, 2010, following a successful Request for Proposals and negotiation process, saving the City over \$20,000 annually for three years with the option to extend two additional years.

In addition, the City budgets \$200,000 a year to fund Public Safety employees' salaries while on Workers' Compensation. This is utilized when Police or Fire is required to backfill with overtime or other personnel for the employee out on Workers' Compensation and cannot absorb the cost of the employee's salary in the department's budget.

The required balance of this reserve is based on projected liabilities as determined by an actuarial valuation conducted every year. In addition, the reserve policy includes funding in the amount of \$1.5 million for the potential of two catastrophic claims at the City's current level of self-insured retention of \$750,000 per claim (i.e., deductible). The accrued liability is reviewed on an annual basis with the year-end close of the City's financial records. An increase in the number of claims and the cost of claims, particularly in public safety, were experienced during Fiscal Year 2011-12, that caused

an increase in this liability. Unfortunately, that trend has not abated and the claims and costs have also increased during the past fiscal year. The comparison of claims from the prior fiscal years is as follows:

NUMBER OF CLAIMS				
	Fiscal Year <u>2010-11</u>	Fiscal Year <u>2011-12</u>	Fiscal Year <u>2012-13</u>	Fiscal Year 2012-13 to 2011-12 <u>Variance</u>
Public Safety	30	50	64	14
Miscellaneous	<u>27</u>	<u>29</u>	<u>39</u>	<u>10</u>
Total	<u>57</u>	<u>79</u>	103	<u>24</u>

The Reserve has an estimated balance of \$7.5 million, which is approximately \$800,000 below the \$8.3 million policy level as of June 30, 2013. Staff is recommending a transfer of \$500,000, the funds in excess of policy in the Liability Fund, be transferred to the Workers' Compensation Fund. The General Fund represents approximately 90.0 percent of the liability. Therefore, in addition, another \$300,000 is recommended from the General Fund carryover to bring this balance to the policy level.

#### Unemployment Self-Insurance Reserve

The Unemployment Self-Insurance Reserve was approved by Council in 1978. This program provides for the State-mandated unemployment insurance benefits for former employees. The City pays for unemployment claims on a pay-as-you-go basis. In prior years, contributions for the estimated payments were made annually. As a balance accumulated in this fund, the annual contributions were recommended to cease as a General Operating Fund reduction measure. Although annual expenditures will fluctuate in this fund, the Great Recession has produced higher unemployment and longer eligibility periods, resulting in higher unemployment costs. Therefore, in Fiscal Year 2011-12, contributions from various funds were reinstated to pay for unemployment costs. The balance in this fund has remained stable and is approximately \$150,000.

#### Liability Self-Insurance Reserve

The Liability Self-Insurance Reserve was approved by Council in 1980. The City currently self-insures for the first \$1.0 million of liability exposure per occurrence. The City is a member of the Authority of California Cities Excess Liability (ACCEL) Program for the pooling of liability insurance above the \$1.0 million self-insured

retention. ACCEL began in 1986 as a pool for medium-sized cities and the City joined ACCEL in 1992. Other members of the pool are Anaheim, Bakersfield, Burbank, Modesto, Monterey, Ontario, Palo Alto, Santa Barbara, Santa Cruz, Santa Monica, and Visalia. ACCEL pools liability coverage for the next \$4.0 million of coverage and the City purchases additional coverage of \$75.0 million through ACCEL for total liability coverage of \$80.0 million. Other expenditures funded from the Liability Fund are for outside legal counsel for defense against claims, insurance (e.g., property, automobile, flood, etc.), and payment for claims.

Council Policy A-11 specifies the policy level of this reserve to be \$2.0 million for the self-insured exposure for two catastrophic incidents and an amount to fund estimated incurred claims. The estimated incurred claims are determined by an actuarial valuation performed every year and are reviewed on an annual basis with the close of the City's financial records. The actuarial valuation, last updated as of June 30, 2013, indicates a liability of \$1.9 million, a decrease of \$355,000 over the prior fiscal year, resulting in the policy level for this reserve at \$3.9 million. The current estimated balance of \$4.5 million is higher than the policy level and staff is recommending transferring \$500,000 of the surplus balance to the Workers' Compensation Fund to assist in bringing that reserve to its policy level.

#### Retirees' Health Insurance Program Reserve

The City provides postemployment health-care benefits by contributing all or a percentage of the premium cost for its retired employees. The cost for current employees who will be eligible for this benefit in the future, as well as those already retired, represents an outstanding liability to the City.

The Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (Statement No. 45), became effective for the City with the fiscal year ending June 30, 2008. This statement requires the City to update its Retirees' Health valuation every two years. The City participates in the California Employers' Retiree Benefit Trust (CERBT or Trust) managed by the California Public Employees' Retirement System (PERS). The valuation is required to be updated every two years and was last updated as of July 1, 2013.

The total City actuarial accrued liability (AAL) as of July 1, 2013 is \$101.9 million, an increase of \$11.5 million, or 12.7 percent, from the 2011 valuation projected for Fiscal Year 2013-14. The most significant component of this growth, \$7.1 million, is attributable to the change in the discount rate. Other contributing factors are:

1. Incorporating generational mortality table, which takes into consideration future mortality improvements whereby younger individuals are anticipated to live longer over time.
2. Higher actual retirements than previously projected.
3. Corrections related to City contribution from the prior study and for the assumptions related to the unrepresented public safety managers.

This valuation is also lowering the ultimate health trend rate from 5.5 percent to 5.0 percent.

All but the General Operating Fund funds its share of the unfunded AAL. The City has made great strides toward funding the AAL of \$106.1 million, projected as of July 1, 2014, with assets set aside of \$81.3 million. To reduce the GOF share of its UAAL, staff is recommending \$1.0 million of the General Fund carryover be allocated to this liability, with additional annual contributions of \$1.0 million over the next two fiscal years.

#### Reserve Recommendations

Staff has performed a preliminary review of reserve levels and included funding recommendations for specific reserve requirements. Additional supplemental funding for the General Fund Reserve will be required and staff will recalculate the Reserve supplement needed with the adopted budget. The underspending of the budget occurs every fiscal year but varies from fiscal year to fiscal year. If the budget savings are less than estimated, any shortfall will then need to be funded from reserves.

Additional funding is recommended for the Compensated Absences and Workers' Compensation Reserves to bring them to policy levels. A transfer of the balance of the Open Space Acquisition Reserve is recommended to repay the advance from the SPAR for the purchase of 771 North Rengstorff Avenue as the property will be used for open space. In addition, a transfer of \$500,000 surplus funds in the Liability Reserve is recommended to be transferred to the Workers' Compensation Reserve to bring that reserve to policy level. These recommendations will allow most reserves to meet policy levels.

In addition, \$1.0 million each is recommended to fund the City's retirees' health obligation and PERS, with any balance remaining between \$1.0 and \$2.0 million to be transferred to the CIP Reserve.

## **CONCLUSION**

After four years of weathering structural deficits by thoughtfully addressing and selectively reducing expenditures, establishing more efficient operating models, working closely with employee organizations to limit increases in employee compensation costs, as well as implementing revenue enhancements where appropriate, the Fiscal Year 2013-14 budget was the first fiscal year without budget reductions. Strong revenue growth has the General Operating Fund in a good financial position. Overall, total revenues for Fiscal Year 2013-14 are estimated to be \$3.4 million, or 3.5 percent higher than the adopted revenues. Total operating expenditures for Fiscal Year 2013-14 are estimated to be \$1.9 million lower than budgeted. The adopted budget assumed the underspending of \$2.8 million. After accounting for higher revenues, the operating balance is estimated to be \$4.8 million for this fiscal year.

For Fiscal Year 2014-15, GOF revenues are projected to increase to \$102.5 million, or 5.0 percent, including recommendations, compared to the current fiscal year adopted. All major categories (e.g., Property Tax, Sales Tax, and Other Local Taxes, etc.) are projected to increase, compared to the current fiscal year adopted revenues. Including consideration of the budget recommendations, the General Operating Fund is projected with an operating balance of \$2.0 million for Fiscal Year 2014-15. Although there are other areas where additional ongoing resources could be added, more are not recommended at this time as the Forecast does not support COLAs after Fiscal Year 2015-16 and begins to project operating deficits when the next economic downturn occurs.

The Building Services Fund revenues for the current fiscal year are estimated at \$7.5 million, \$1.3 million higher than budgeted, as development activity remains strong. The Fund is estimated to end Fiscal Year 2013-14 with an available balance of \$12.6 million. In order to provide a more comprehensive picture of the development process and to more accurately align development-related revenues and expenditures, staff is recommending consolidating all development-related functions within the City into a Development Services Fund for Fiscal Year 2014-15.

The financial condition of the Shoreline Golf Links Fund continues to improve under the management of Touchstone. Although, for Fiscal Year 2013-14, the transfer to the General Operating Fund is less than budgeted, revenues are higher than budgeted and higher than prior fiscal year actuals. Expenditures are higher than budget as water expenditures are higher due to the dry weather condition and the need to blend potable water with recycled water. Continued improvement is projected for Fiscal Year 2014-15.

The City, serving as the Successor Agency, and County presented a comprehensive wind-down of the former Revitalization Authority that has been approved by the Oversight Board and the DOF. The \$6.3 million unencumbered Other Funds was retained and the outstanding 2003 COPs have been retired. The LRPMP has been approved, transferring the assets of the former Authority to the City, including the properties and parking structures. The remaining component is the approval of the Compensation Agreement by all the taxing entities.

The Shoreline Community's total property taxes are estimated to exceed the Fiscal Year 2013-14 Adopted Budget by \$4.6 million. Revenues are higher as assessment appeals were projected to be higher during the current fiscal year. There remains a backlog of assessment appeals to be processed by the County; therefore, a reduction in AV is projected for Fiscal Year 2014-15.

Water rates were restructured for the current fiscal year and revenues are \$2.9 million higher than budget. Expenditures are also higher than budget due to increased water sales. For Fiscal Year 2014-15, the SFPUC is proposing a rate increase of 19.6 percent in wholesale water costs and SCVWD is currently proposing an 8.6 percent and 9.9 percent rate increase for treated water and well water, respectively. These agencies are also requesting reductions in water usage as a result of drought conditions. A 7.0 percent rate increase in the average cost of water, 2.4 percent increase in recycled water, and 2.4 percent increase in meter rates are recommended for Fiscal Year 2014-15 to cover the increased cost of water and City operational costs.

Wastewater Fund revenues are essentially as budgeted and expenditures are less than budget, primarily due to savings in salaries, services, and supplies, and a credit from the PARWQCP for prior fiscal year treatment costs. Rate restructuring was also incorporated in the adopted rates for Fiscal Year 2013-14. A 2.0 percent rate increase is recommended for Fiscal Year 2014-15 for operational needs and an additional 2.0 percent is recommended for the incremental phasing in of funding for capital replacements at the PARWQCP for a total 4.0 percent rate increase.

Solid Waste Management Fund revenues (City) are slightly higher than budget and expenditures (City) are also higher than budget as a result of \$398,000 due to the SMaRT Station for actual costs for the prior fiscal year. The second year of the Recology contract provides for a 1.1 percent increase and the SMaRT Station has submitted an operating cost increase of 0.31 percent. These, along with City operating cost adjustments, result in a recommended average 2.0 percent rate increase for Fiscal Year 2014-15. Based on preliminary indications from the cost of service study, staff is recommending a 1.0 percent increase for bin rates and a 3.0 percent increase for cart,

debris boxes, and compactor rates. The cost of service study will be completed during Fiscal Year 2014-15.

A Proposition 218 notice will be mailed out by May 2, indicating the recommended changes for wastewater and solid waste cart, debris box, and compactor rates, as well as the rate increases for all three utility funds. The total average increase for a single-family residential customer as recommended for all three utilities is 5.1 percent, resulting in an estimated increase of \$5.21 monthly. A comparison of the current and the recommended rates are included in Attachment 16.

Most reserves are at or exceed their target or policy balance. A supplement for the General Fund Reserve is estimated at \$915,000, but will be recalculated based on the expenditures in the Fiscal Year 2014-15 Adopted Budget. The Compensated Absences Reserve and Workers' Compensation Reserve require supplements of \$1.2 million and \$300,000, respectively, from the estimated General Fund carryover. It is recommended \$1.0 million each be allocated to the Retirees' Health Trust Fund and to PERS, with any remaining carryover between \$1.0 million and \$2.0 million be allocated to the Capital Improvements Reserve.

Staff looks forward to reviewing these recommendations with Council and providing any follow-up information as requested.

### **NEXT STEPS**

Council input and direction is sought on the material in this report at the April 29, 2014 Study Session. On May 18, 2014, the Study Session for the Proposed Capital Improvement Program (CIP) will be held. Based on the feedback from the City Council, the Fiscal Year 2014-15 Proposed Budget will be prepared for distribution to the City Council prior to budget hearings. The evening of June 10 is scheduled for the first Public Hearing and final adoption is scheduled for the City Council Special Meeting of June 17, 2014.

DHR/PJK/9/CAM  
614-04-29-14SS-E



- Attachments:
1. Reaffirming Fiscal Years 2013-14 and 2014-15 City Council Major Goals and Projects
  2. Recommended Fee Modifications
  3. Fiscal Year 2014-15 Recommended Non-Discretionary Ongoing Changes – GOF and Other Funds
  4. Fiscal Year 2014-15 Recommended Discretionary Ongoing Change – GOF and Other Funds
  5. Mayors Innovation Project
  6. Fiscal Year 2014-15 Recommended Limited-Period Expenditures – GOF and Other Funds
  7. Staffing for Mobility Issues
  8. Fiscal Year 2014-15 Recommended Capital Outlay – GOF and Other Funds
  9. Fiscal Year 2014-15 Recommended Equipment Replacement
  10. Energy Upgrade Mountain View
  11. Request for Boomerang Funds for Low-/Moderate-Income Housing
  12. Sister Cities 40th Anniversary Request for Funding
  13. Sister Cities International Request for Community Sponsorship
  14. Santa Clara County Request for Automatic Defibrillator Funding
  15. Multi-Family Housing Inspection Internal Audit
  16. Comparison of Current and Recommended Utility Rates
  17. Palo Alto Regional Water Quality Control Plant (PARWQCP) Long-Term Plan



**MEMORANDUM**

Finance and Administrative  
Services Department

**DATE:** April 29, 2014

**TO:** City Council

**FROM:** Helen Ansted, Principal Financial Analyst  
Suzanne Niederhofer, Assistant Finance and  
Administrative Services Director  
Patty J. Kong, Finance and Administrative Services Director

**VIA:** Daniel H. Rich, City Manager

**SUBJECT:** General Operating Fund Long-Range Financial Forecast

**INTRODUCTION**

The practice of forecasting is an important part of a city's financial planning process. While it is challenging to accurately forecast local government revenues due to the variable nature of the revenue sources and their connection to regional, State, national, and even international economic conditions, it is possible to identify reasonable financial trends and provide a conceptual financial picture for a multi-year period and is useful to the City's decision-making.

Annually, a five-year forecast is prepared and presented to the City Council during the budget process. Beginning with the Fiscal Year 2008-09 budget process, the City Council set as a high-priority goal the development of a 10-year forecast. The 5-year forecast is prepared annually and a 10-year Long-Range Financial Forecast is prepared periodically (every 2 to 4 years), and initially discussed with City Council during the Narrative Budget Study Session. This report is a 10-year Long-Range Financial Forecast (Forecast) for the time period of Fiscal Years 2014-15 through 2023-24.

A financial forecast, even with fluctuating economic variables, can help identify long-term financial trends, causes of fiscal imbalances, future fiscal challenges, opportunities, and potential requirements, all of which may assist in continuing on a path of fiscal sustainability. Growth and development will occur at a different pace than anticipated in this Forecast and actual revenues and expenditures in future years will vary, but trend lines will be apparent and this information can serve as a foundation for the City Council's decision-making for Fiscal Year 2014-15 budget deliberations.

The Forecast is focused on the General Operating Fund (GOF), which provides financing for the majority of City services, including Police, Fire, Parks, Recreation, Library, and administrative functions necessary for ongoing City operations. The GOF is also the fund that is most influenced by economic conditions.

## **BACKGROUND AND ANALYSIS**

The Forecast is based on reasonable assumptions utilizing available information from a wide variety of sources. These sources include reviewing the City's historical trends, gathering information from economists that specialize in the regional economics of Silicon Valley, reviewing various indicators (e.g., unemployment data, etc.), networking with staff of neighboring agencies, reviewing State of California (State) and national economic trends, and factoring in known Mountain View conditions, such as economic and property development. Other factors considered are the estimated growth in the recovery from the latest recession, as well as the impact of the next cyclical economic downturn. Confidence levels in the Forecast assumptions become more uncertain with each subsequent fiscal year and actual future revenues and expenditures will vary from the Forecast. The current level of City services, staffing, and cost of operations projected for Fiscal Year 2014-15 is the base year for the forecast of subsequent fiscal years' expenditures.

The trend, based on the assumptions utilized, the recommendations in the Narrative Budget, and assuming \$2.0 million annual budget savings, indicate revenues in Fiscal Year 2014-15 through Fiscal Year 2018-19 will exceed expenditures. It is projected there will be a general slowdown in economic activity at some point during the 10-year forecast period, but it is uncertain as to when it will occur. Historically, slowdowns in the economy have been about every 10 years in the past four decades, with the exception of the Great Recession which occurred only 6 years after the dot-com bust. It has been almost 7 years since the beginning of the last recession; therefore, the next cycle could occur sooner than projected. The Forecast projects the impacts of the next slowdown beginning in Fiscal Year 2019-20.

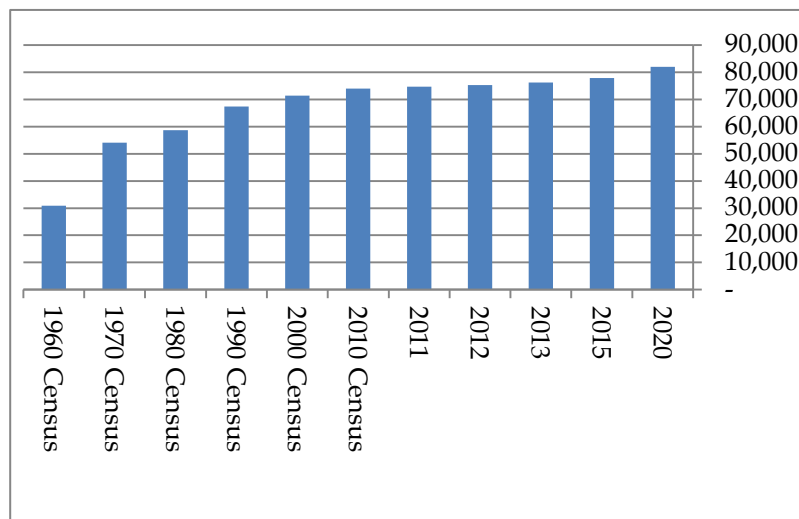
The various GOF revenue sources respond differently to such an economic event—some, such as Transient Occupancy Tax (TOT), react almost immediately and others, such as property taxes, sales tax, and investment earnings, lag behind. While the budget is essentially balanced until the next recession, the projected operating balance is a negative \$3.3 million for Fiscal Year 2019-20 and grows to a negative \$11.0 million in Fiscal Year 2021-22, recovering slightly to a negative \$9.9 million by the end of the 10-year period. Although the Forecast projects an unbalanced budget, it is not the intent that the City would adopt a deficit budget during these fiscal years, but rather is to highlight the trends that are projected to occur if no actions are taken. The Forecast allows for planning and actions to be taken in advance of the deficit occurring.

The 2030 General Plan projects the residential population of the City will be approximately 82,000 by the Year 2021. This 5,740 (7.5 percent) increase in population is not anticipated to require a significant increase in the levels of services currently provided. Similar population growth has been experienced in recent history and did not result in a significantly increased demand for services. There were service level increases, but these stemmed from the result of programs deemed desirable for creation or enhancement—partnerships with the local school districts and/or the addition of parks and facilities.

The following chart shows historical population annually for the past 10 years and each U.S. Census year back to 1960. From the 2000 Census to the 2010 Census, the City of Mountain View population grew by 2,697 (3.8 percent).

### Population

1960 Census	30,889
1970 Census	54,132
1980 Census	58,722
1990 Census	67,460
2000 Census	71,369
2010 Census	74,066
2011	74,723
2012	75,275
2013	76,260
2015	77,940
2020	81,992



Sources: Association of Bay Area Governments (2015 and 2020)  
California State Department of Finance (all other years)

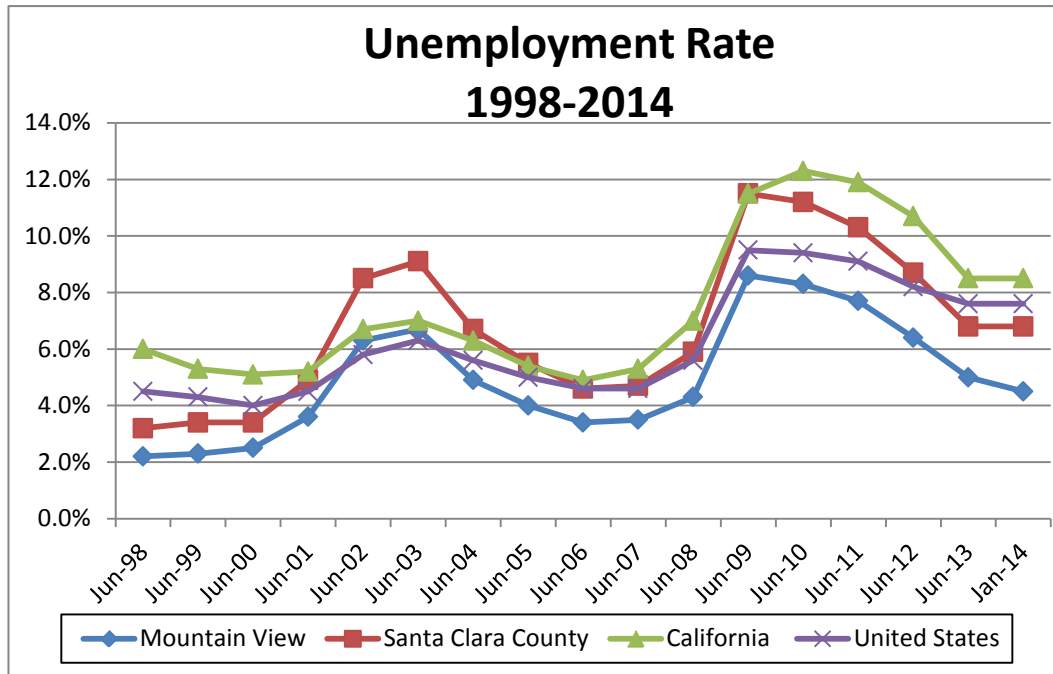
### Economic Climate Factors

There are factors which impact each individual revenue source, some of which have broad ranges affecting multiple revenues and some are specific to an individual revenue source. The Forecast includes a discussion of these economic factors below:

### Unemployment

As detailed in the chart below, Mountain View's unemployment level has been below the County of Santa Clara (County), State, and nation, except during the recession of the early 2000s, which hit Silicon Valley the hardest. As of January 2014, unemployment in

the City is at 4.5 percent, close to the prerecession rate of 3.4 percent and well below the County (6.8 percent), the State (8.5 percent), and the nation (7.6 percent).



### State of California

After a decade of budgetary imbalances resulting in State employee furloughs and staffing reductions, and deep cuts to social programs and all levels of education, the Governor has proposed a structurally balanced budget for Fiscal Year 2014-15 (for the second consecutive year). The revenue generated from the increase in both personal income tax and sales tax approved by the voters with the passage of Proposition 30 in November 2012 allows for continued investment in schools. The recovering economy is allowing for expansion of health care and funding for crime reduction and public safety.

There are, however, ongoing State impacts to the City—Educational Revenue Augmentation Fund (ERAF) losses, diversion of Vehicle License Fees (VLF), deferral/elimination of State mandate reimbursements, elimination of public library funding, and dissolution of redevelopment agencies.

### Revenue and Expenditure Overview

In order to maintain a base level of services, revenue growth is necessary. If the existing revenue base cannot generate sufficient revenues to fund the cost of operations, the

economic base must be enhanced or operating costs reduced. For Fiscal Year 2014-15, revenues are projected to increase \$4.9 million (5.0 percent) compared to the current fiscal year adopted revenues and expenditures are anticipated to increase \$3.7 million (3.7 percent) compared to the Fiscal Year 2013-14 Adopted Budget, including the recommended changes. The increases in expenditures are primarily related to cost-of-living adjustments (COLAs), retirement, and health-care benefit cost increases. Included are recommendations of \$578,000 in new expenditure increases offset by \$175,000 in revenue increases. Staff is also recommending the final two years of the Shoreline Regional Park Community loan repayment be reclassified to the General Non-Operating Fund. Since there are only two years remaining, it is no longer considered "operating" revenue and should be used for one-time purposes.

After four years of budget reductions and revenue enhancements to maintain a structurally balanced budget, the City is experiencing strong economic recovery and is in an enviable position with a surplus projected for the next couple of fiscal years. Therefore, given resources that have not been available in recent years, staff is recommending to allocate some funding to Other Post-Employment Benefits (OPEB), or retirees' health, at \$1.0 million for the next two fiscal years. Although there have been changes made to reduce the cost of current health benefits with the move of Public Safety employees to PERS Health Program (PEMHCA), there is still an anticipated increase in the overall retirees' health liability. In addition, the move to a lower discount rate of 7.0 percent has increased this liability. Therefore, staff is recommending allocating funding towards this obligation.

After allowing for anticipated budget savings of \$2.0 million, the operating balance is projected to be \$2.0 million at the end of Fiscal Year 2014-15.

Fiscal Year 2014-15 includes a contractual cost-of-living adjustment (COLA) and Fiscal Year 2015-16 includes a modest COLA, but, there are no COLAs included in the subsequent eight fiscal years of the forecast period. However, the entire forecast period does include amounts for annual step and merit increases, as well as projected annual benefit cost increases. Projected cost increases in Salary and Benefits range from \$2.4 million to \$3.7 million annually. The percentage of the GOF devoted to benefits has increased from 18.2 percent to 26.2 percent over the past decade. In addition, Supplies and Services are projected to increase by an average of \$244,000 annually for inflationary and nondiscretionary increases.

The following table includes the projected revenues and expenditures by category for Fiscal Year 2014-15 and the subsequent forecast years.

GENERAL OPERATING FUND FORECAST  
(Dollars in thousands)

	<u>2013-14 ADOPTED</u>	<u>2013-14 ESTIMATED</u>	<u>2014-15 RECOMMENDED</u>	<u>2015-16 FORECAST</u>	<u>2016-17 FORECAST</u>	<u>2017-18 FORECAST</u>
REVENUES:						
Property Taxes	\$30,149	31,088	33,782	35,306	36,734	38,819
Sales Tax	17,268	17,109	17,608	18,058	18,510	18,973
Other Local Taxes	12,009	13,166	13,644	14,212	14,641	14,989
Use of Money and Property	10,605	10,633	10,663	10,884	11,221	11,738
Other Revenues <sup>1</sup>	25,642	27,102	26,797	26,983	27,025	27,287
Loan Repayments	<u>1,894</u>	<u>1,894</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL REVENUES	<u>97,567</u>	<u>100,992</u>	<u>102,494</u>	<u>105,443</u>	<u>108,131</u>	<u>111,806</u>
EXPENDITURES:						
Salaries and All Pays	53,012	52,188	54,291	56,106	56,565	56,872
Retirement	11,400	11,400	12,612	13,464	15,400	16,701
Health Benefits	9,586	8,500	9,289	10,246	11,286	12,336
All Other Benefits	<u>4,724</u>	<u>4,534</u>	<u>5,105</u>	<u>5,220</u>	<u>5,338</u>	<u>5,467</u>
Personnel Costs	78,722	76,622	81,297	85,036	88,589	91,376
Supplies and Services	14,244	14,280	14,746	15,138	15,540	15,954
Capital Outlay/ Equipment Replacement	2,545	2,749	2,589	2,647	2,718	2,791
Self-Insurance	2,565	2,564	3,095	2,994	2,939	2,830
Budget Savings	(2,800)	<u>Included</u>	(2,000)	(2,000)	(2,000)	(2,000)
NET EXPENDITURES	<u>95,276</u>	<u>96,215</u>	<u>99,727</u>	<u>103,815</u>	<u>107,786</u>	<u>110,951</u>
OPEB Funding	-0-	-0-	(1,000)	(1,000)	-0-	-0-
Development Services	<u>-0-</u>	<u>-0-</u>	<u>197</u>	<u>197</u>	<u>197</u>	<u>197</u>
OPERATING BALANCE/(DEFICIT)	\$ <u>2,291</u>	<u>4,777</u>	<u>1,964</u>	<u>825</u>	<u>542</u>	<u>1,052</u>

<sup>1</sup> Other Revenue consists of License, Permit & Fees; Fines & Forfeitures, Intergovernmental; Charges for Services; Miscellaneous Revenue; and Interfund Revenues & Transfers.

General Operating Fund Long-Range Financial Forecast

April 29, 2014

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<u>2018-19</u> <u>FORECAST</u>	<u>2019-20</u> <u>FORECAST</u>	<u>2020-21</u> <u>FORECAST</u>	<u>2021-22</u> <u>FORECAST</u>	<u>2022-23</u> <u>FORECAST</u>	<u>2023-24</u> <u>FORECAST</u>
40,224	41,223	42,115	43,302	44,614	45,951
19,447	19,924	17,931	16,146	16,550	16,962
15,263	13,189	11,824	12,678	13,754	15,126
12,318	12,795	13,180	13,617	14,074	14,541
27,476	26,830	26,440	26,793	27,146	27,508
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>114,728</u>	<u>113,961</u>	<u>111,490</u>	<u>112,536</u>	<u>116,138</u>	<u>120,088</u>
57,048	57,140	57,211	57,273	57,331	57,390
17,978	19,230	20,385	21,074	21,736	22,373
13,488	14,754	16,144	17,671	19,349	21,191
<u>5,595</u>	<u>5,727</u>	<u>5,864</u>	<u>6,008</u>	<u>6,157</u>	<u>6,315</u>
94,109	96,851	99,604	102,026	104,573	107,269
16,357	16,771	17,196	17,633	18,083	18,546
2,865	2,942	3,022	3,103	3,187	3,274
2,868	2,907	2,947	2,989	3,032	3,075
(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
<u>114,199</u>	<u>117,471</u>	<u>120,769</u>	<u>123,751</u>	<u>126,875</u>	<u>130,164</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>197</u>	<u>197</u>	<u>197</u>	<u>197</u>	<u>197</u>	<u>197</u>
<u>726</u>	<u>(3,313)</u>	<u>(9,082)</u>	<u>(11,018)</u>	<u>(10,540)</u>	<u>(9,879)</u>



## **Revenue and Expenditure Background**

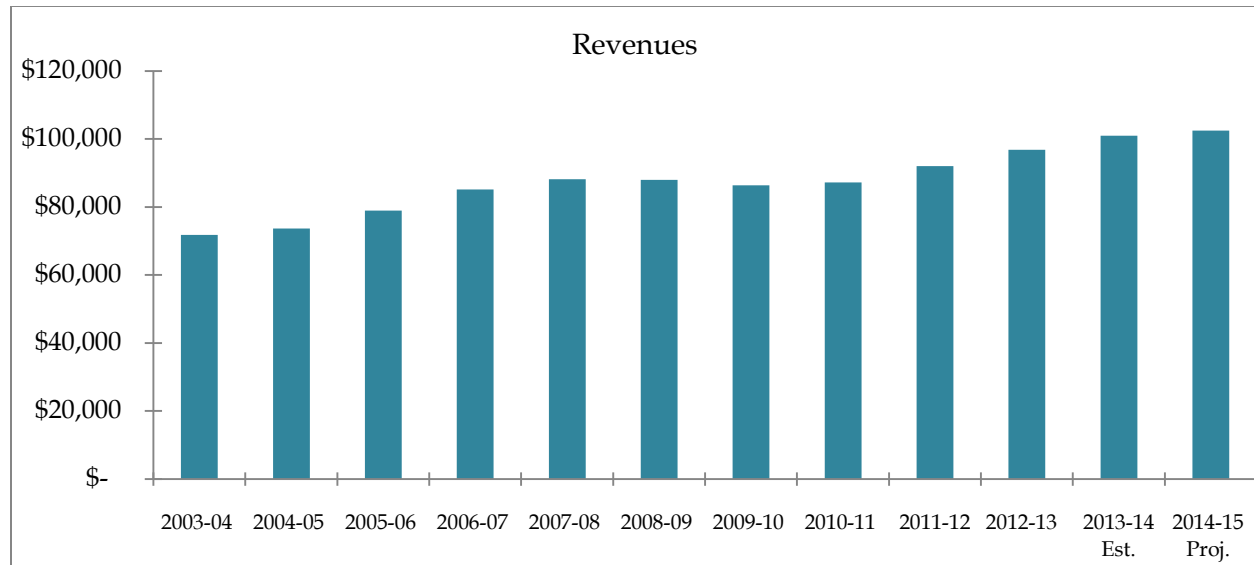
The recommendation to consolidate development activities into a Development Services Fund (DSF) is not reflected in the affected revenue and expenditure categories in the preceding chart. However, the annual net positive impact of \$197,000 is included near the bottom of the chart and included in the annual Operating Balance (Deficit) for the upcoming budget year and the remainder of the forecast period.

### **Revenues**

Historical experience demonstrates Mountain View has a relatively volatile revenue base, primarily related to sales tax, with substantial variation in the amount of revenues collected over time (see Exhibit A for revenue and expenditure history). There is a strong correlation between economic conditions and the amount of revenues received. In addition to the overarching factors described in the Economic Climate Factors section, the City's revenue volatility is continually impacted by local factors.

For Fiscal Year 2014-15, all the main categories of General Operating Fund revenues are projected to meet or exceed the Fiscal Year 2013-14 Adopted Budget. Significant factors, such as increasing property values, hotel rates and occupancy, and improved compliance with the City's Utility Users Tax (UUT) ordinance are contributing to an improving financial condition and an overall indication the City is continuing recovery from the recession.

A history of total General Operating Fund Revenues is as follows (dollars in thousands):



<sup>1</sup> Other Revenue consists of Licenses, Permit & Fees/Fines & Forfeitures, Intergovernmental; Charges for Services; Miscellaneous Revenue; and Interfund Revenues & Transfers.

Fiscal Year 2014-15 total revenues are projected to increase \$4.9 million (5.0 percent) compared to the Fiscal Year 2013-14 adopted. Additional discussion of individual revenue sources can be found later in this report.

## Expenditures

During Fiscal Years 2009-10 through 2012-13, there were projected structural deficits ranging from \$1.1 million to \$6.0 million and, through a combination of operating efficiencies and expenditure reductions (totaling \$7.4 million), revenue enhancements, and employee cost containment (totaling \$2.2 million), the City was able to weather the Great Recession. From the peak in Fiscal Year 2001-02, the GOF employee count has been reduced by over 70.0 positions (over 14.0 percent). Overall, the City is operating at a very lean staffing level for the quality and level of services provided.

Revenues had recovered sufficiently and no budget restructuring was necessary for the Fiscal Year 2013-14 Adopted Budget. The projection for Fiscal Year 2014-15 also indicates there will be sufficient funding for the recommended expenditures. The Forecast expenditures are calculated in the same manner as the annual budget and include the full cost of each existing position (Salary and Benefits), adjusted based on compensation as approved by City Council in the various Memorandums of Understanding (MOUs) and employee agreements and multi-year assumptions related

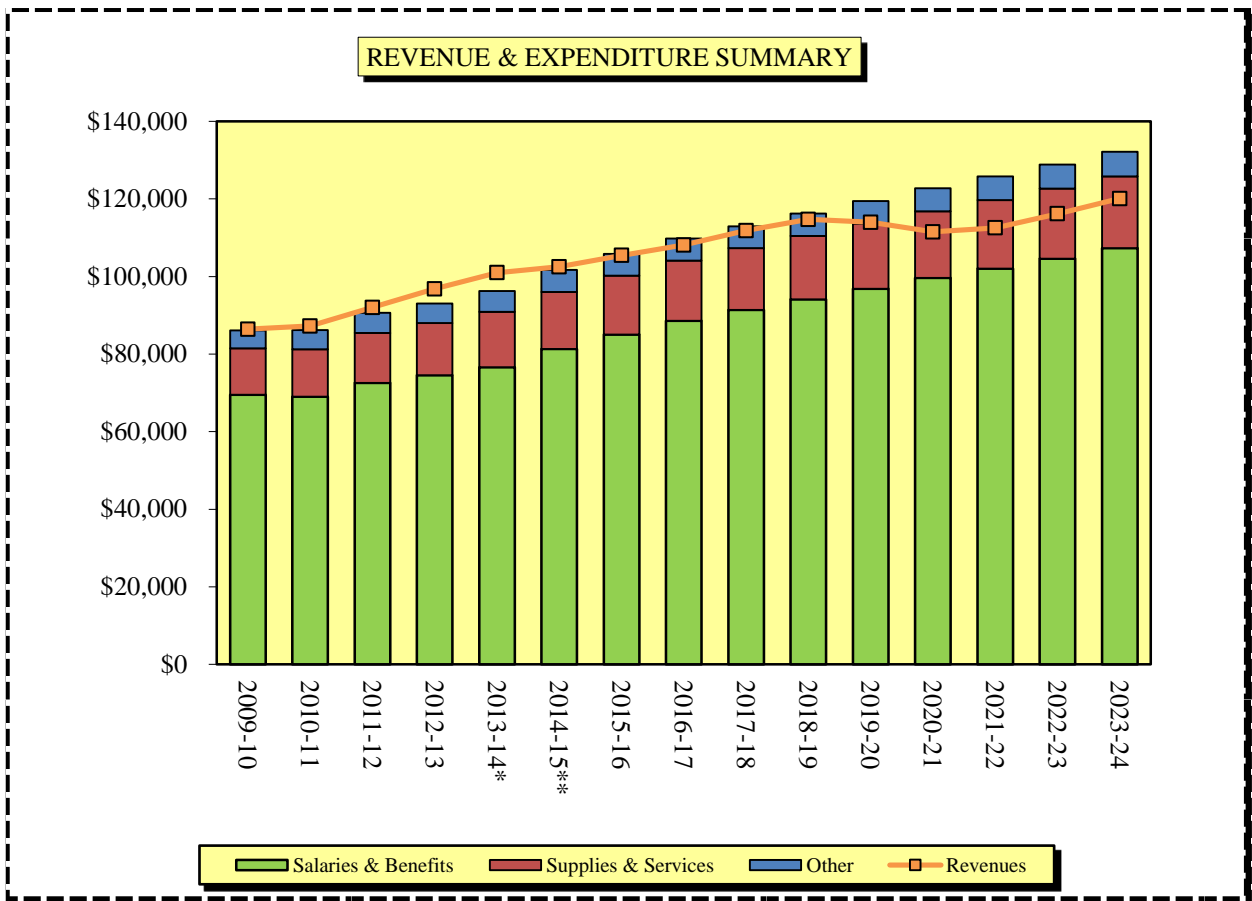
to each component of cost (e.g., steps, merits, retirement, health care, etc.). The factors for future health benefit costs were based on health-care trends and prior year experience. The projected California Public Employees' Retirement System (PERS) rates for Fiscal Years 2014-15 through 2019-20 were provided by PERS, but adjusted by staff for the projected impacts of the changes to demographic assumptions recently adopted by the PERS Board. The remaining fiscal years were projected internally (see salaries and benefits section). For Supplies and Services and the remaining categories, a base level of expenditures is calculated utilizing the Fiscal Year 2014-15 Recommended Budget and then adjusted based on the multi-year assumptions related to each component of cost (e.g., City utilities, equipment maintenance, self-insurance funding, etc.). Based on past experience, it is typical to underspend the budget due to vacant positions and cost containment in Supplies and Services accounts. Therefore, budget savings of \$2.0 million is assumed for each year of the forecast period.

## **SUMMARY**

Silicon Valley continues to be a leader in the economic recovery—job creation, vacant space utilization, and development of both residential and commercial projects are contributing to the health of the economy. Although anticipated PERS rate increases and medical rate increases are significant factors in cost increases, the Forecast projects sufficient revenue growth until the next recession occurs. Beyond Fiscal Year 2014-15, the forecast years continue to indicate a minimal positive operating balance (anticipating continued revenue growth and after allowing for the \$2.0 million in budget savings, but does not account for any cost-of-living adjustments after Fiscal Year 2015-16) until the next economic downturn hits. Future economic challenges ahead appear to be dependent upon the strength of the economy.

Following is a detailed and graphic presentation of the Forecast, summarizing the assumptions and resulting revenues and expenditures.

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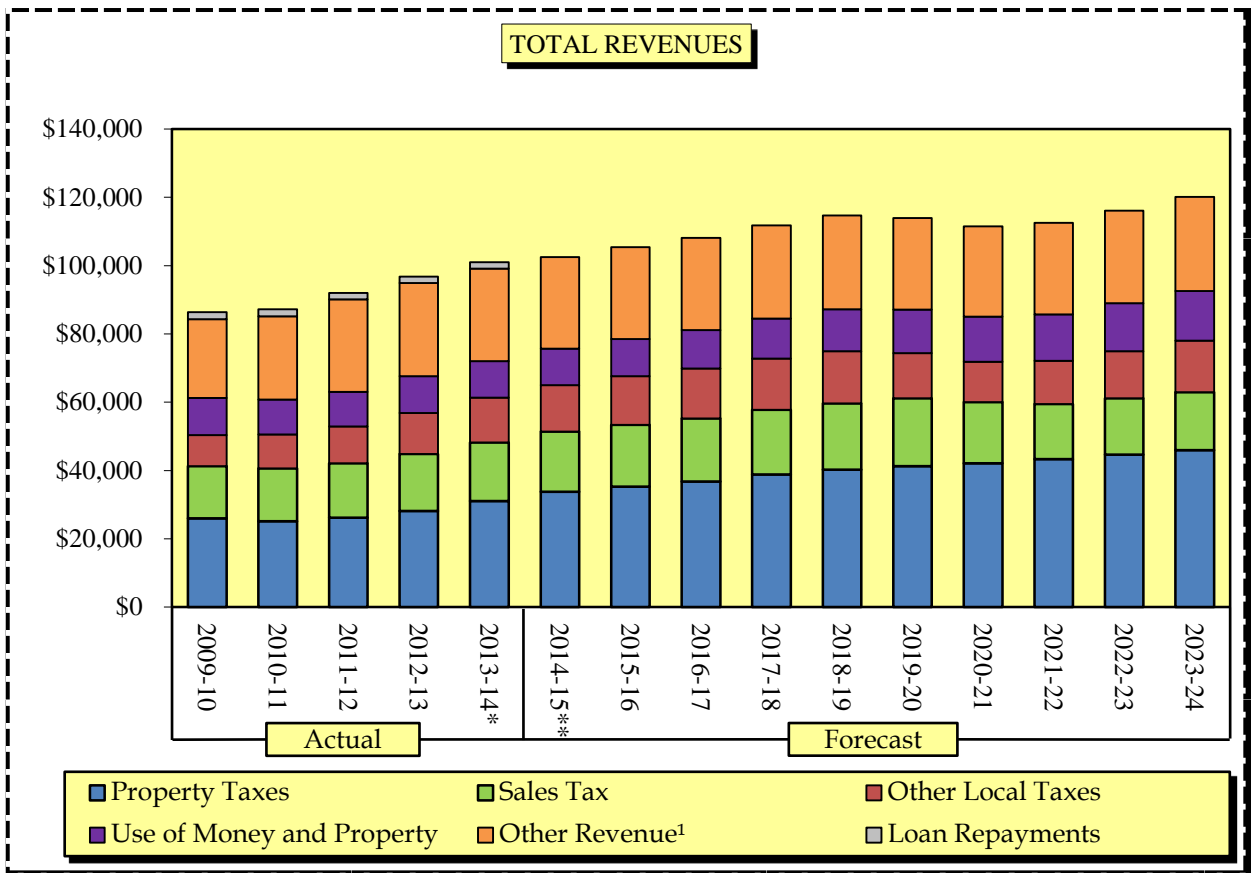
<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenditures</u>
2009-10	86,416	86,136
2010-11	87,240	86,160
2011-12	92,041	90,605
2012-13	96,811	93,041
2013-14 *	100,992	96,215
2014-15 **	102,494	101,727
2015-16	105,443	105,815
2016-17	108,131	109,786
2017-18	111,806	112,951
2018-19	114,728	116,199
2019-20	113,961	119,471
2020-21	111,490	122,769
2021-22	112,536	125,751
2022-23	116,138	128,875
2023-24	120,088	132,164

\* Estimated

\*\* Recommended

(dollars in thousands)

The Fiscal Year 2014-15 recommended expenditures and all forecast years do not include the projected operating budget savings.



<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>% Change</u>
2009-10	86,416	(1.8%)
2010-11	87,240	1.0%
2011-12	92,041	5.5%
2012-13	96,811	5.2%
2013-14 *	100,992	4.3%
2014-15 **	102,494	1.5%
2015-16	105,443	2.9%
2016-17	108,131	2.5%
2017-18	111,806	3.4%
2018-19	114,728	2.6%
2019-20	113,961	(0.7%)
2020-21	111,490	(2.2%)
2021-22	112,536	0.9%
2022-23	116,138	3.2%
2023-24	120,088	3.4%

\* Estimated

\*\* Recommended

(dollars in thousands)

<sup>1</sup> Includes Licenses, Permits & Fees/Fines & Forfeitures; Intergovernmental; Charges for Services; Miscellaneous Revenue; and Interfund Revenues & Transfers.

## **PROPERTY TAXES**

Property Taxes include the revenue generated from the City's share of the 1.0 percent levy assessed on the taxable value of real and personal property located within the City limits. The assessed value (AV) of secured real property that does not experience a change in ownership or is not subject to new construction is increased annually at a rate not to exceed the California Consumer Price Index (CCPI) or 2.0 percent, whichever is lower. However, if a property changes ownership, it is reassessed (up or down) at the current market value and new construction is initially valued at the cost of the construction. In addition, the County Assessor can proactively adjust the assessed value of properties downward to market value during periods of declining property values. Unsecured tax on personal property, such as computers and other equipment, is assessed on the value of the property as reported annually to the County by the owning business.

### **SOURCES**

- Property tax assessed on secured real property.
- Property tax assessed on unsecured personal property.
- Property tax assessed on leased property.

### **ECONOMIC FACTORS**

- General economic conditions.
- Proposition 13—determines methodology of tax application, limits the annual AV increase, and sets the tax rate.
- California Consumer Price Index (CCPI—October through October).
- Property demand, sales, and values.
- New development.
- County processing time for new development and ownership transfers and inclusion on the tax roll.
- Proactive assessment reductions by the County Assessor.

- Assessment appeals.
- Availability of credit.
- State legislation regarding tax allocation.

## HISTORY

In 1992, as a way of solving its own budget shortfall, the State enacted legislation that shifted partial financial responsibility for funding education to local government. Property tax revenues belonging to cities, counties, and special districts were shifted to the ERAF. The net cumulative loss to the GOF resulting from all ERAF shifts through Fiscal Year 2013-14 exceeds \$78 million (in excess of \$81.0 million for the entire City).

For the past two decades, housing activity has remained strong with short periods of uncertainty or declines related to the availability of housing stock, interest rates, and the overall economy. During Fiscal Year 2008-09, the housing market collapsed and assessed valuation across the County suffered and caused some properties to be appraised at less than the outstanding debt on the property. In Fiscal Years 2010-11 and 2011-12, the annual CCPI was 0.237 percent and 0.753 percent, respectively. During that time, foreclosures increased dramatically nationwide as homeowners defaulted on their mortgages and California was the epicenter of the foreclosure crisis. The ripple effects included significant losses in the stock market and property values, business closures or tightening of spending, layoffs, an abrupt halt to construction activity and housing sales, and a tightening of credit, many of which contributed to foreclosure rates. The number of foreclosure starts in California has declined significantly, down 60.0 percent compared to 2012. From January 2008 through December 2013, there were 237 foreclosures in the City, 1.1 percent of the total foreclosures in the County, and this also had a negative impact to the City's tax roll. The number of foreclosures has fallen dramatically in both the County and the City, with only eight in Mountain View in 2013.

Beginning Fiscal Year 2008-09, the County began processing Proposition 8 (Prop 8) reductions for residential and commercial properties. The Fiscal Year 2013-14 tax roll included significant restoration of value and removal of parcels from Prop 8 status— 57.7 percent net AV restoration compared to the prior fiscal year, one of the highest recovery levels in the County. This resulted in the generation of approximately \$500,000 additional property tax revenue for the current fiscal year. The County is currently completing the annual review process of residential and commercial properties to determine the restoration for Fiscal Year 2014-15. County staff will be



reviewing the remaining parcels in Prop 8 status in May as they prepare the July 1, 2014 tax roll.

### IMPACT OF PROPOSITION 8

(Dollars in thousands)

<u>Fiscal Year</u>	<u>Impacted General Fund Parcels</u>	<u>Net AV (Reduction)/ Restoration</u>	<u>Property Tax (Loss)/Restored</u>
2008-09	204	(\$152,373)	(\$243)
2009-10	1,867	(120,084)	(192)
2010-11	1,393	(275,671)	(441)
2011-12	366	(63,929)	(102)
2012-13	303	68,742	110
2013-14	( <u>2,255</u> )	<u>313,437</u>	<u>500</u>
REMAINING PROP 8 IMPACT	<u>1,878</u>	(\$ <u>229,878</u> )	(\$ <u>368</u> )

In the time period since the beginning of the recession, commercial property owners have also submitted applications for value reductions. The number of appeals submitted County-wide for 2013 is the lowest since 2008. Because of the variable nature of commercial properties, the process of reviewing and valuing them is more complicated and lengthy. The County has processed County-wide roll reductions (primarily the result of resolved appeals) and corrections totaling a net of \$943.8 million through January 31, 2014. The General Fund's share of this property tax revenue loss for Fiscal Year 2013-14 is approximately \$85,000. A significant number of pending appeals still remain and these are anticipated to continue to negatively impact the City's property tax revenue. It is projected the potential at-risk AV is \$240.0 million, which would result in a property tax loss of \$384,000 to the General Fund. However, some appeals are dismissed or granted a partial reduction.

The number of residential sales in the entire City during calendar year 2013 (most recent information available) is one of the highest since tracking was initiated in 2007. As detailed in the table below, there has been growth in the median price of single-family homes (SFH) with changes in ownership (CIO) beginning in 2010, with a more significant increase in the SFH median price for sales which occurred in 2012 and 2013.

Median Price Statistics (Mountain View Residential Properties with a CIO)

<u>Year</u>	<u>Single-Family Home (SFH)</u>	<u>Number of SFH CIO</u>	<u>Condo/ Townhome</u>	<u>Number of Condo/ Townhome CIO</u>
2007	\$955,000	218	\$575,000	255
2008	\$963,250	200	\$590,000	184
2009	\$845,000	182	\$535,000	179
2010	\$892,000	267	\$572,500	268
2011	\$900,750	306	\$445,000	241
2012	\$1,000,000	341	\$570,000	299
2013	\$1,245,000	297	\$639,000	356

In total, Fiscal Year 2013-14 estimated Property Tax revenue of \$31.1 million is exceeding both the adopted budget of \$30.1 million and the prior fiscal year actual of \$28.1 million.

**FORECAST**

The Fiscal Year 2014-15 recommended secured property tax revenue is based on the Fiscal Year 2013-14 tax roll adjusted for the following:

- A 0.454 percent CCPI increase to the AV of all eligible residential and commercial property;
- Projected overall AV gain as a result of restoration of Prop 8 reductions net of loss from resolution of pending appeals;
- Value changes related to property transfers and sales prior to the lien date;
- Increased AV projection related to new development and remodels; and
- Share of property tax from the former Revitalization Authority.

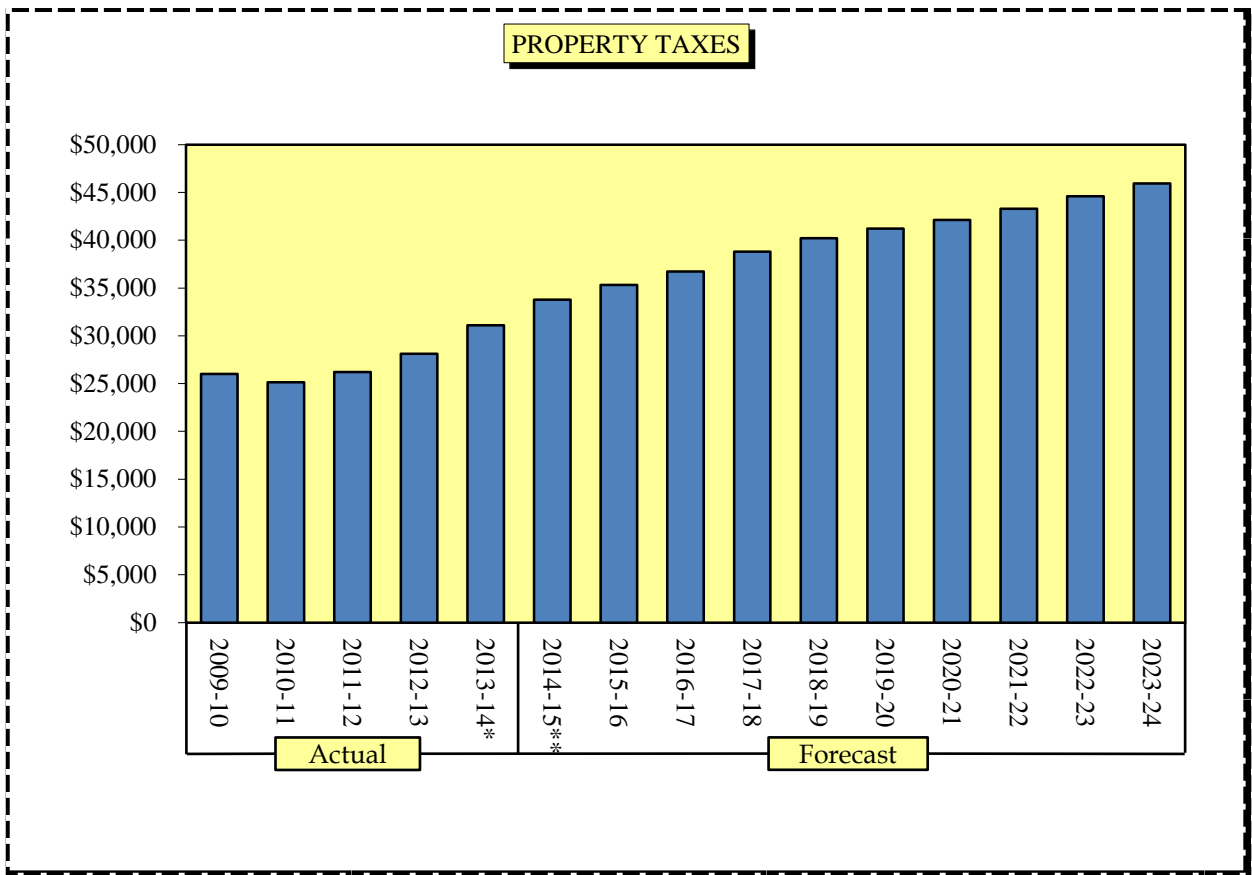
Compared to the July 1, 2013 tax roll, these factors result in an overall 5.6 percent growth in General Operating Fund secured assessed value.

As mentioned earlier, the County has a backlog of approximately 7,300 appeals. As the County is not able to provide information about pending appeals specific to each local agency, the Fiscal Year 2014-15 revenue includes a projection for Prop 8 restoration and

resolution of pending appeals, which result in a net 0.5 percent projected increase in the total AV.

For the remaining forecast years, total secured property tax is projected with net growth ranging from 2.7 percent to 7.2 percent annually. These average annual increases include an annual change in AV based on a 2.0 percent CCPI, new development projects in the pipeline, anticipated growth from changes in ownership and remodeling, and the City's share of the projected property tax from the former Revitalization Authority. At this time, there is no increased AV or property tax projected for The Village at San Antonio Phase II, 700 East Middlefield Road, or Moffett Gateway projects. Should Moffett Gateway proceed as expected, this could be a dedicated revenue source for a major unfunded capital project, such as the Police/Fire Administration Building.

Fiscal Year 2014-15 unsecured property tax revenue is recommended with a slight increase compared to the Fiscal Year 2013-14 estimated and the remaining forecast years are projected to increase 1.0 percent annually through 2019-20. It is projected to decline in the following two years for the impact of an anticipated downturn in the economy and then recovery in the final two fiscal years of the 10-year forecast.



<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>% Change</u>
2009-10	26,017	1.4%
2010-11	25,142	(3.4%)
2011-12	26,216	4.3%
2012-13	28,122	7.3%
2013-14 *	31,088	10.5%
2014-15 **	33,782	8.7%
2015-16	35,306	4.5%
2016-17	36,734	4.0%
2017-18	38,819	5.7%
2018-19	40,224	3.6%
2019-20	41,223	2.5%
2020-21	42,115	2.2%
2021-22	43,302	2.8%
2022-23	44,614	3.0%
2023-24	45,951	3.0%

\* Estimated

\*\* Recommended

(dollars in thousands)

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## **SALES TAX**

Sales Tax revenue is the second largest single revenue source of the GOF and also the most volatile. The City of Mountain View is allocated 1.0 percent of every sales dollar subject to sales tax which is reduced by 25.0 percent as discussed below. In the late 1990s, sales tax from commercial/industrial businesses generated a greater amount of sales tax than retail businesses, an approximate 1.5:1 ratio. During the current decade, as a result of relocations and the recession, the ratio of sales tax generated by commercial/industrial and retail businesses has changed and is currently at an approximate 1:3 ratio.

### **SOURCES**

- Retail sales of tangible personal property to individuals and other businesses.
- Use and excise taxes on business consumption of personal property.
- State and County pooled sales tax allocated by population.

### **ECONOMIC FACTORS**

- Business expansion, reduction, or relocation.
- State of the economy.
- Purchasing patterns.
- State Board of Equalization allocation decisions.
- Level of business-to-business sales.
- Technology changes.

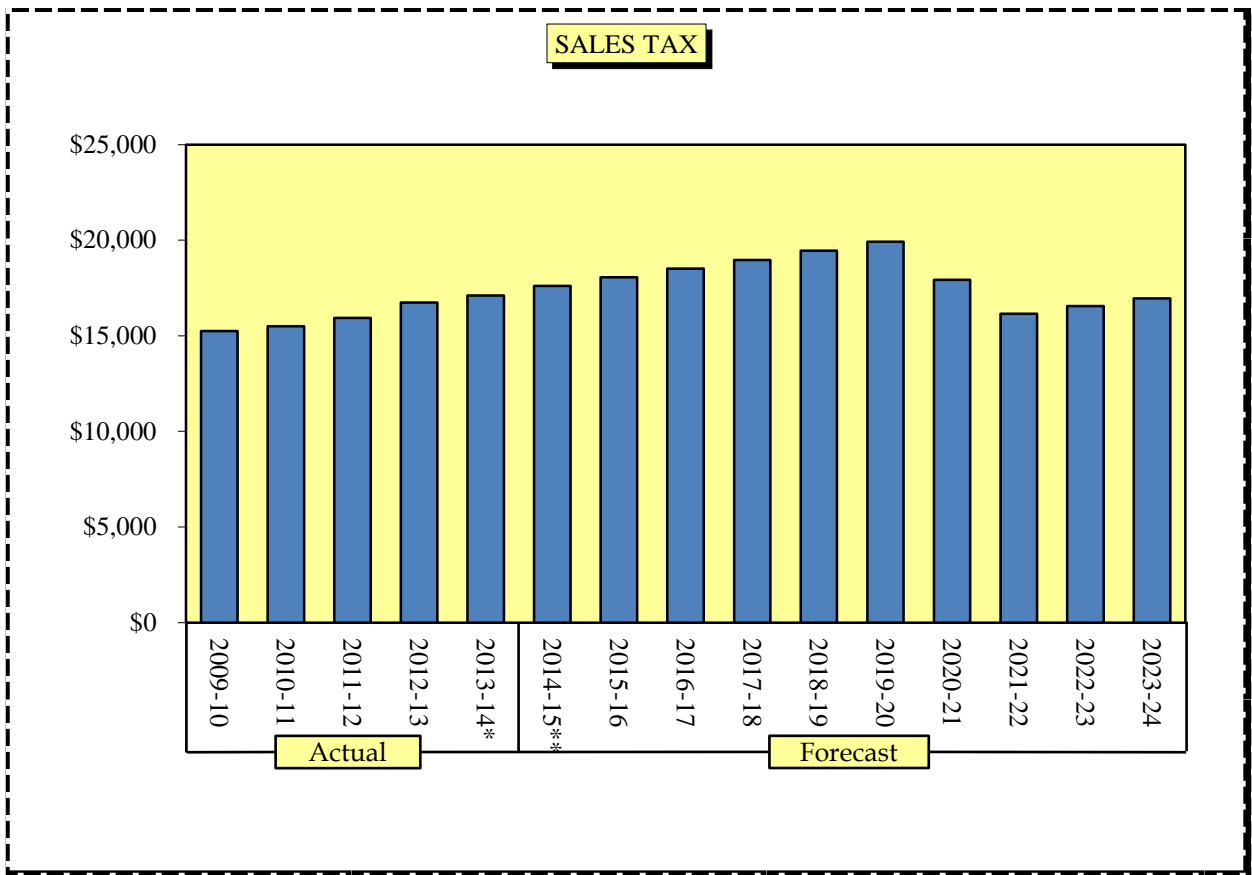
### **HISTORY**

Since the early 1990s, sales tax has been an extremely volatile revenue source, reaching an all-time record high of \$24.1 million in Fiscal Year 2000-01, primarily resulting from high-tech businesses. A precipitous decline to \$14.2 million occurred in Fiscal Year 2003-04 followed by steady growth through Fiscal Year 2007-08 to \$17.3 million. These variations typically occur as businesses move in and out of the City, companies modify

reporting and/or sales methods, and the economy changes. Fundamentally, as the service economy grows and less manufacturing is done locally, there is a smaller commercial tax base. As a result of the Great Recession, sales tax revenue fell in excess of \$2.0 million (11.8 percent) to \$15.2 million. Since then, sales tax revenue has again steadily grown. The most recent sales tax data indicates there is net growth within Santa Clara County, the nine Bay Area counties, and the State year over year. By the end of the current fiscal year, sales tax revenue to the City is estimated to grow approximately 2.2 percent to \$17.1 million compared to the prior fiscal year actual, but is below the current fiscal year adopted by less than 1.0 percent.

## **FORECAST**

Fiscal Year 2014-15 Sales Tax revenue is projected with a net growth of approximately 2.9 percent compared to the Fiscal Year 2013-14 estimate, the combination of projected continued economic recovery of retail and building, the opening of the first phase of The Village at San Antonio Center redevelopment, net of the loss due to the relocation of several businesses out of the City. The subsequent forecast years include an anticipated annual growth of 2.5 percent except Fiscal Years 2020-21 and 2021-22, which include a 10.0 percent annual decline resulting from a projected downturn in the economy. The Forecast does not include increased sales tax for The Village at San Antonio Center Phase II.



<u>Fiscal Year</u>	<u>Sales Tax</u>	<u>% Change</u>
2009-10	15,242	(6.3%)
2010-11	15,502	1.7%
2011-12	15,940	2.8%
2012-13	16,744	5.0%
2013-14 *	17,109	2.2%
2014-15 **	17,608	2.9%
2015-16	18,058	2.6%
2016-17	18,510	2.5%
2017-18	18,973	2.5%
2018-19	19,447	2.5%
2019-20	19,924	2.5%
2020-21	17,931	(10.0%)
2021-22	16,146	(10.0%)
2022-23	16,550	2.5%
2023-24	16,962	2.5%

\* Estimated

\*\* Recommended

(dollars in thousands)



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## **OTHER LOCAL TAXES**

Other Local Taxes is comprised of Transient Occupancy Tax (TOT), Business License Tax, and Utility Users Tax (UUT).

### **SOURCES**

- TOT is a 10.0 percent tax assessed on hotel and motel occupancies. Any occupancy by a government employee, while on government business, or a stay exceeding 30 consecutive days, is exempt from the tax. This tax is self-reported on a quarterly basis by hotels and motels within the City limits, and a compliance audit is performed on a periodic basis.
- Business License Tax is assessed on all businesses known to be operating in Mountain View and billed annually. The tax rate varies by type of business, generally \$30 per year for most (73.0 percent of Mountain View businesses), but can be as high as \$630 for certain types of businesses.
- UUT is a 3.0 percent tax assessed on the consumption of all telecommunication, electricity, and gas services. Companies providing taxable utility services remit UUT payments monthly and a compliance audit is performed on a periodic basis.

### **ECONOMIC FACTORS**

- TOT: Number of hotel rooms, room rate, occupancy rate, and number of exemptions.
- Business License Tax: Number and types of businesses licensed by the City and the applicable tax rate.
- UUT: Customer base, level of consumption, and price of the commodity.

### **HISTORY**

TOT: The current tax rate is 10.0 percent, last modified in June 1991 from 8.0 percent. Occupancy and room rates in the City typically grow in non-recessionary times. The impacts of economic downturns or disruptions are immediately felt in TOT revenue as demonstrated after the dot-com bust and the Great Recession when TOT fell by 26.6 percent. TOT revenues began to recover from this last recession in the spring 2010 and growth has continued through December 2013.

Business License Tax: This revenue does not change significantly from year to year as the tax rate has remained essentially unchanged since June 1954 (excluding two business types updated in 1985). In Fiscal Year 2012-13, approximately 5,600 business licenses were issued. Fluctuation in the number of businesses does not significantly change annual revenue because of the low annual tax.

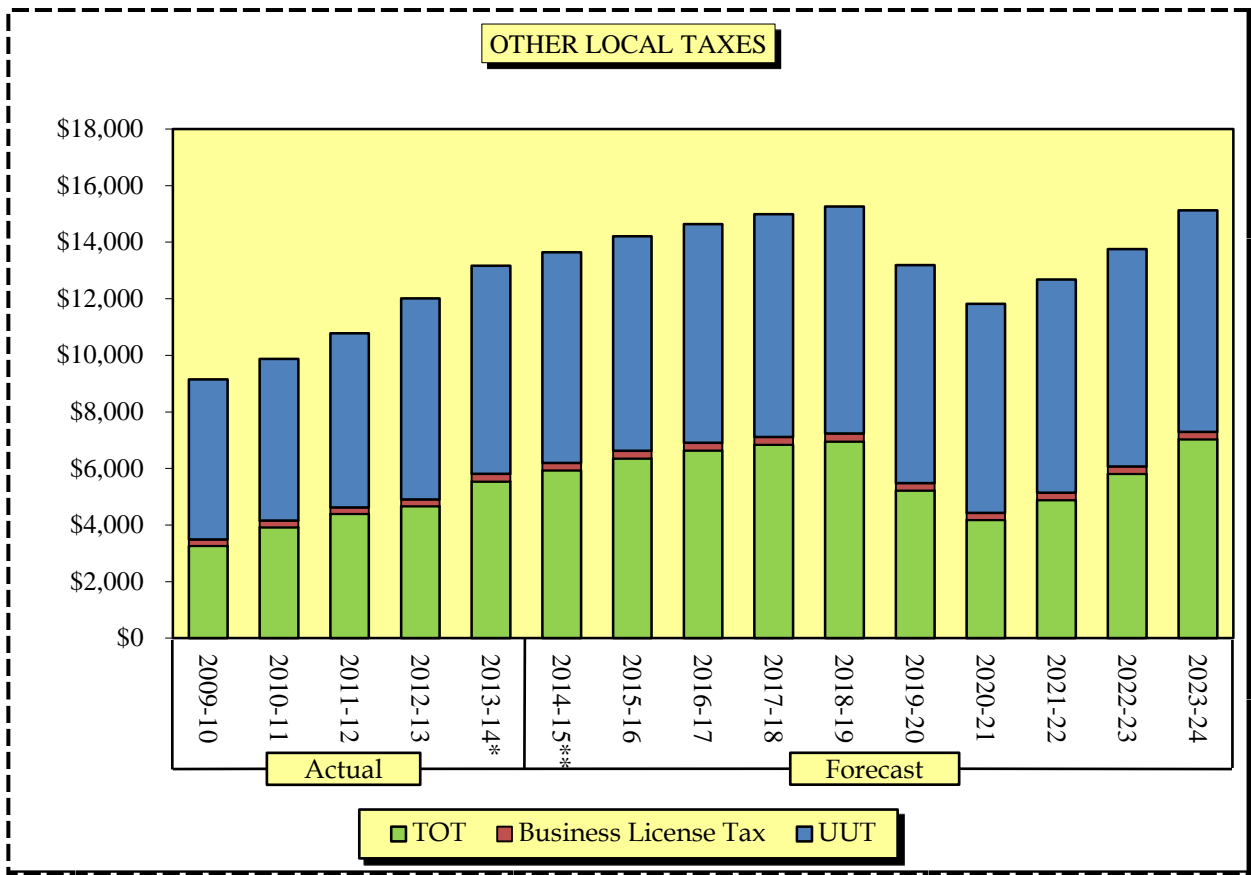
UUT: The tax is calculated on the consumer cost of the energy (gas and electricity) and telecommunication services utilized. The tax revenue fluctuates with the cost, customer usage, and/or customer base and is negatively impacted by economic downturns as businesses close and many customers reduce usage. In November 2010, the voters approved a ballot measure which broadened the base to include all telecommunications services in order to treat all customers equally and the amended ordinance became effective March 2011. As a result, UUT generated from telecommunications increased. An audit of the telecommunications providers was completed in January 2014 and resulted in a \$1.1 million settlement, one-time assessment payments, and new ongoing revenue.

## **FORECAST**

TOT: The growth phase is anticipated to continue at a reduced pace, reflecting a 7.0 percent increase for Fiscal Year 2014-15 compared to the Fiscal Year 2013-14 estimate. Growth continues at a declining rate through Fiscal Year 2018-19, declines 40.0 percent over the two-year anticipated downturn, and recovers by the end of the forecast period. The Forecast does not include any increase in room capacity from potential new hotels.

Business License Tax: The business license revenue is forecast with 1.0 percent annual growth excluding the anticipated two-year downturn which includes a 10.0 percent decline.

UUT: Total projected UUT revenue for Fiscal Year 2014-15 is slightly higher than the current fiscal year estimate, reflecting slight increases in all sources. Excluding the anticipated two-year recessionary period, annual growth of approximately 2.0 percent is expected from telecommunications and energy usage during the forecast period as there are major residential and commercial development projects in the pipeline which will increase consumption.



Fiscal Year	Transient Occupancy Tax	Business License Tax	Utility Users Tax	Total Other Local Taxes	% Change
2009-10	3,267	226	5,651	9,144	(1.1%)
2010-11	3,914	245	5,711	9,870	7.9%
2011-12	4,397	220	6,157	10,774	9.2%
2012-13	4,668	239	7,108	12,015	11.5%
2013-14 *	5,543	266	7,357	13,166	9.6%
2014-15 **	5,929	269	7,446	13,644	3.6%
2015-16	6,354	272	7,586	14,212	4.2%
2016-17	6,638	274	7,729	14,641	3.0%
2017-18	6,837	277	7,875	14,989	2.4%
2018-19	6,958	279	8,026	15,263	1.8%
2019-20	5,218	266	7,705	13,189	(13.6%)
2020-21	4,175	252	7,397	11,824	(10.3%)
2021-22	4,884	255	7,539	12,678	7.2%
2022-23	5,813	257	7,684	13,754	8.5%
2023-24	7,033	260	7,833	15,126	10.0%

\* Estimated

\*\* Recommended

(dollars in thousands)

## **USE OF MONEY AND PROPERTY**

Use of Money and Property is comprised of investment earnings and revenue from rents and leases of City property. Investment earnings are generated from the General Fund's share of the City's pooled investment portfolio. Rents and Leases revenue is generated from rental properties and lease agreements.

### **SOURCES**

- Monthly interest allocation generated by the City's pooled investment portfolio.
- Leased and rented properties, including:
  - Crittenden, Charleston East, and North Charleston sites
  - Shoreline Amphitheatre
  - Recology
  - Center for the Performing Arts
  - Michaels at Shoreline
  - Community School of Music and Arts (CSMA)
  - CVS (parking structure, retail space)
  - Bean Scene Café, Olympus Caffé, and Savvy Cellar Wines, Inc.
  - Bank of America (ATM)
  - Wireless Telecommunication Providers (GTE Mobilnet, Metro PCS, Sprint)

### **ECONOMIC FACTORS**

- Economy.
- Federal Reserve policy and interest rates.
- Portfolio balance.
- City Investment Policy.
- Lease agreements.

### **HISTORY**

Investment Earnings: Over the past decade, part of the City's financial strategy was to build reserves in anticipation of budget constraints in order to generate additional

revenue in the form of investment earnings and to maintain sufficient funds to weather any further significant declines in revenues. The Federal Reserve has aggressively managed short-term interest rates since 2006 in an effort to combat the ripple effect of the subprime lending crisis and support the economic recovery by reducing the Federal funds rate from 5.25 percent to the current target of 0.25 percent. This has significantly impacted the City's interest earnings.

Rents and Leases: Over time, the City has strategically developed City-owned properties and negotiated lease agreements which generate long-term revenue for the General Operating Fund. These leases and the revenue generated become even more important during economic downturns as they do not immediately fluctuate with the economy, and most include annual inflationary increases.

In 1995, 1996, and 2008, the City first negotiated and signed ground lease agreements for the North Charleston, Crittenden, and Charleston East sites, respectively. As allowed in the ground leases, the market rent includes fixed annual increases and is revalued every 10 years.

In late Fiscal Year 2005-06, Council approved the amended and restated lease between the City and SFX Entertainment, Inc. (operating company of Live Nation, Inc.), for the lease of the Shoreline Amphitheatre. The terms of the lease eliminated the percentage rent structure and replaced it with a fixed amount of \$200,000 per month for the concert season (nine months), a total of \$1.8 million annually.

In September 2007, CVS opened in the Bryant Street parking structure and began paying the City the negotiated monthly lease rent. The annual lease revenue is currently \$283,000 (\$243,000 to the GOF and \$40,000 to the Parking District to offset maintenance costs).

In May 2010, Savvy Cellars opened to the public at the Centennial Plaza Train Depot and, in accordance with the lease, the annual revenue to the City for the first five years is \$29,700.

In April 2011, the City executed a long-term (52 years) ground lease with Google Inc. for the other portion of the Charleston East site which became effective in June 2011, and Google remitted \$30.0 million in prepaid rent to the City which is invested and generates annual investment earnings

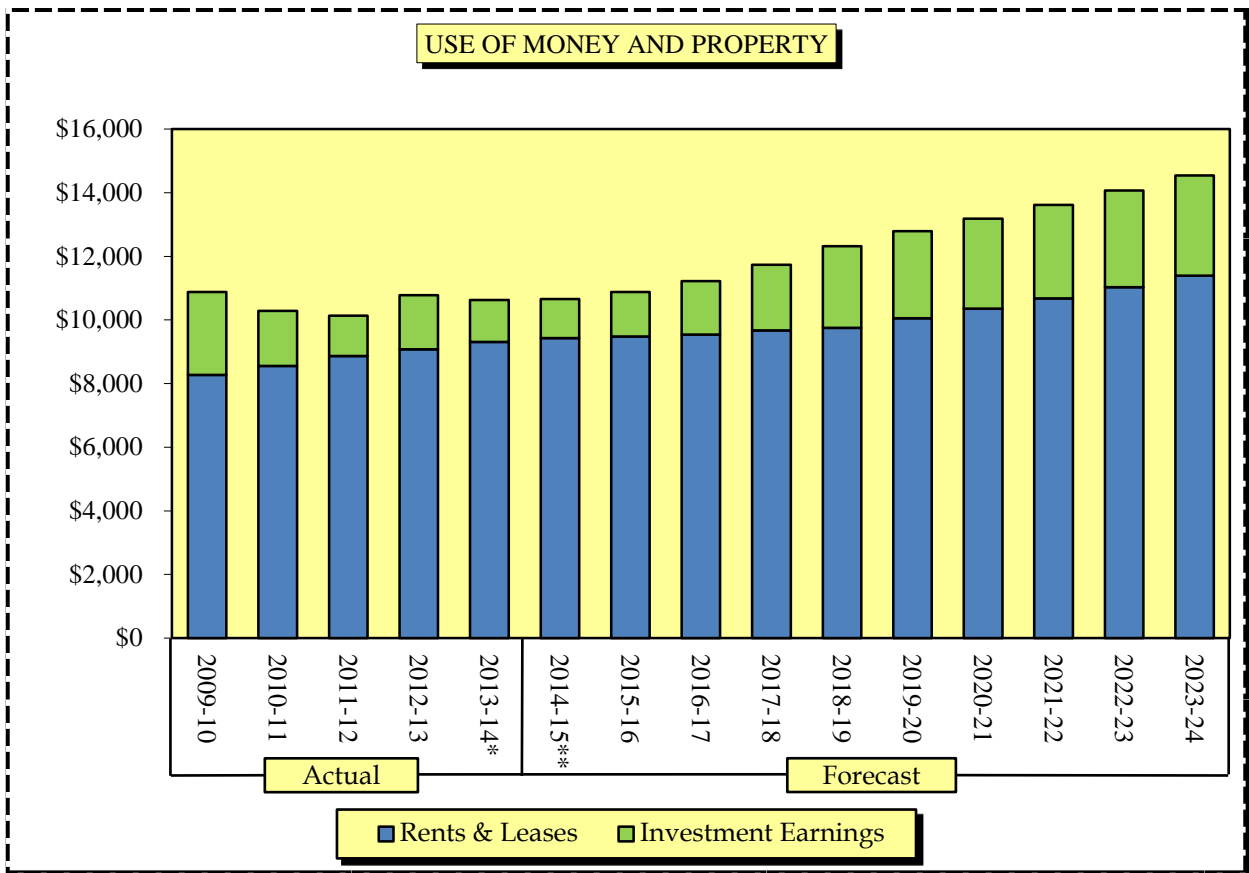
## FORECAST

Investment Earnings: The Fiscal Year 2014-15 projection is based on the assumption that as instruments mature, the funds will be reinvested at rates slightly higher than those available in the current fiscal year. The Fiscal Year 2014-15 projects the average portfolio yield declines to 1.16 percent as the last of the high-yielding instruments mature in 2014 and the projected rates, although higher than the current fiscal year, are lower than the maturing securities. This assumes the Federal funds rate target remains at 0.25 percent through 2014, and the Local Agency Investment Fund (LAIF) pooled rate averages 0.30 percent. The City's average portfolio yield is anticipated to begin rising in Fiscal Year 2015-16 as a result of the progressively increasing rates and reinvestment of lower-yielding instruments upon maturity. The average portfolio yield is projected to continue rising, although more slowly at the end of the forecast period as a result of the anticipated economic downturn.

The \$1.1 million investment earnings projected to be generated from the Google prepaid rent was based on an average annual yield of 3.5 percent. However, the low-interest-rate environment has lasted longer than initially anticipated and it is recommended to maintain the lease revenue transfer at the \$750,000 level to maintain the principal amount. Once interest rates begin to rise, the amount available will be reevaluated.

Rents and Leases: Three of the leases with Google include 3.0 percent or 4.0 percent annual increases and all will have a revaluation during the forecast period. The fair-market value of the Crittenden and Charleston East leases are projected to be less in the year they are revalued than the projected lease rents for that year. Overall, annual lease revenue from Google is not projected to decline as the other leases have annual inflationary increases.

The City receives \$1.8 million annually from SFX Entertainment, Inc., for lease of the Shoreline Amphitheatre through Fiscal Year 2016-17 and 2.0 percent annual contractual increases begin the following fiscal year. The lease agreement with CSMA includes an increase effective during Fiscal Year 2018-19. The Savvy Cellars lease provides for an increase in Fiscal Year 2015-16. The parking structure was partially funded with former Revitalization Authority (Authority) funds and, based on the agreement to wind down the affairs of the former Authority, any revenues generated from the parking structures are shared with the taxing entities in the same portion of the Authority's contribution to the structures. The Compensation Agreement is expected to be effective July 1, 2014, resulting in a loss of \$118,000 annually. In Fiscal Year 2017-18, the CVS lease agreement provides for an 11.9 percent increase. The remaining lease agreements will remain essentially level.



<u>Fiscal Year</u>	<u>Investment Earnings</u>	<u>Rents &amp; Leases</u>	<u>Total Use of Money and Property</u>	<u>% Change</u>
2009-10	2,609	8,272	10,881	(5.2%)
2010-11	1,733	8,557	10,290	(5.4%)
2011-12	1,272	8,866	10,138	(1.5%)
2012-13	1,700	9,083	10,783	6.4%
2013-14 *	1,327	9,306	10,633	(1.4%)
2014-15 **	1,233	9,430	10,663	0.3%
2015-16	1,405	9,479	10,884	2.1%
2016-17	1,676	9,545	11,221	3.1%
2017-18	2,069	9,669	11,738	4.6%
2018-19	2,567	9,751	12,318	4.9%
2019-20	2,744	10,051	12,795	3.9%
2020-21	2,824	10,356	13,180	3.0%
2021-22	2,937	10,680	13,617	3.3%
2022-23	3,042	11,032	14,074	3.4%
2023-24	3,153	11,388	14,541	3.3%

\* Estimated

\*\* Recommended

(dollars in thousands)



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## **LICENSES, PERMITS, AND FEES/FINES AND FORFEITURES**

This revenue category is comprised of Licenses and Permits, Franchise Fees, and Fines and Forfeitures.

### **SOURCES**

- Licenses and Permits revenues are generated from businesses requiring specific City permits.
- Franchisees are required to pay Franchise Fees as compensation to the City for the use of City property while providing a commercial service to Mountain View businesses and residents.
- Fines and Forfeitures are generated from citations issued by the City and the California Highway Patrol.

### **ECONOMIC FACTORS**

- State of the economy.
- Franchise agreements and revenues generated by franchisees.
- Level of development activity.
- State and Federal regulations, legislation, and funded programs.

### **HISTORY**

Licenses, Permits, and Fees: Licenses and Permits revenue tends to fluctuate with the development cycle. In Fiscal Year 2006-07, Building Services was separated from the General Operating Fund to better facilitate tracking and accounting. For several years after, revenue in this category (not related to Building Services) was level, but has grown with development activity of the past several years.

Franchise Fee revenue generated from gas and electricity usage has historically increased as a result of significant commercial and residential development and declined during economic downturns as a result of commercial office vacancies.

In accordance with the agreement between the City and the City's refuse collector, Recology, a monthly service fee is owed the City. This fee includes a portion for the exclusive right to perform this activity and a portion is attributable to other solid waste services. This revenue has fluctuated over the past decade as a result of conservation efforts, migration to larger-size containers, and increases in refuse service charges in addition to the economic reasons listed above.

Beginning in Fiscal Year 2011-12, Cable Franchise revenues were budgeted directly as General Fund Franchise revenue in lieu of a transfer from the Cable Fund. In total, Franchise Fee revenue has been growing since Fiscal Year 2009-10.

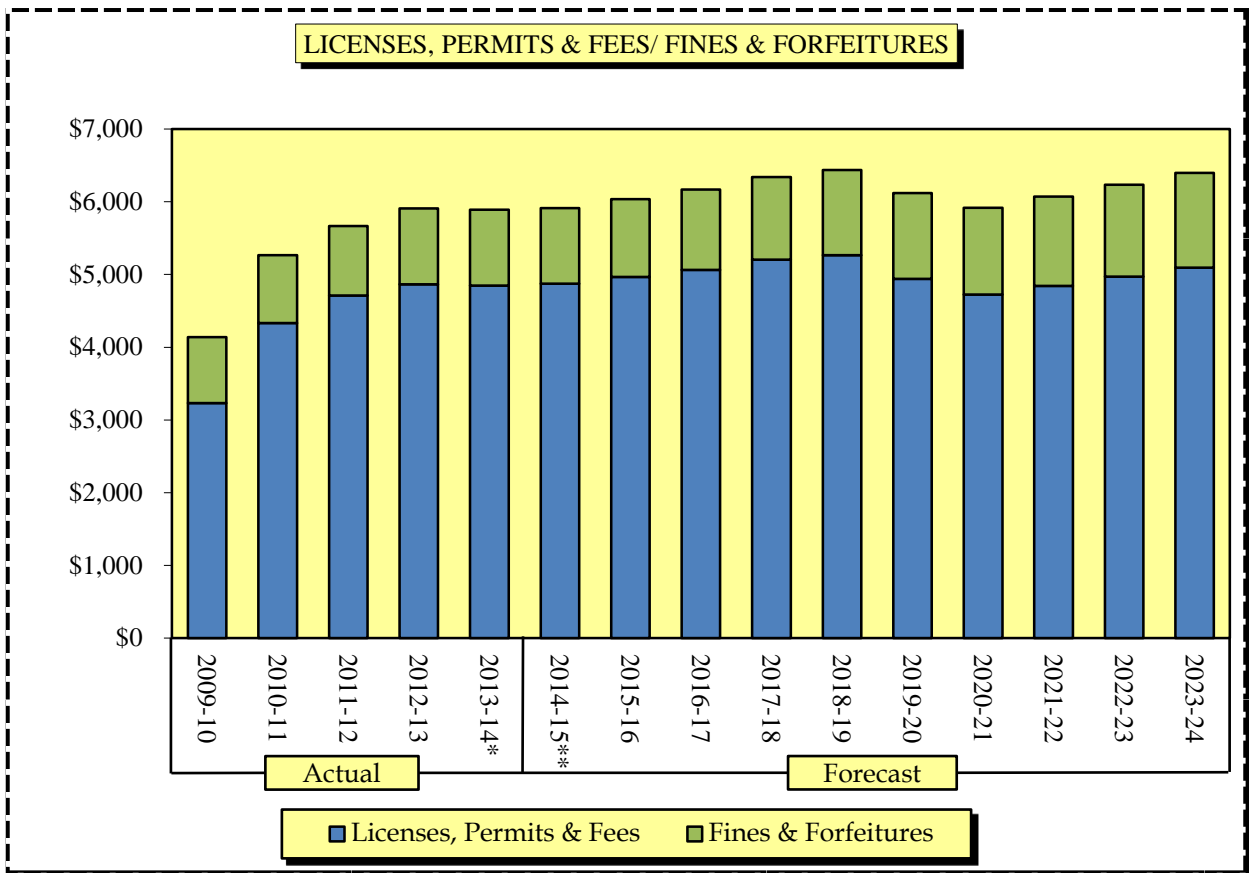
Fines and Forfeitures: This revenue source includes false alarm fees, and bail/fine payments from the County and parking violation payments and has been growing steadily since Fiscal Year 2005-06.

## **FORECAST**

Licenses, Permits, and Fees: Licenses and Permits revenue is anticipated with a slight annual decline throughout the forecast period as development activity is projected to not continue at the current high-activity level. Excluding the 9.6 percent decline for the anticipated impact for two years from an economic downturn, the Forecast includes average annual increases of 2.6 percent for Franchise Fees in the forecast period.

The Forecast does not include the projected impact of the recommendation to consolidate all development activities into a Development Services Fund.

Fines and Forfeitures: Average annual increases of 2.3 percent are included for Fines and Forfeitures over the forecast period.



Fiscal Year	Licenses, Permits & Fees	Fines & Forfeitures	Total Licenses, Permits & Fees/ Fines & Forf	% Change
2009-10	3,231	909	4,140	2.6%
2010-11	4,334	930	5,264	27.1%
2011-12	4,711	954	5,665	7.6%
2012-13	4,867	1,043	5,910	4.3%
2013-14	* 4,850	1,040	5,890	(0.3%)
2014-15	** 4,873	1,040	5,913	0.4%
2015-16	4,967	1,071	6,038	2.1%
2016-17	5,065	1,103	6,168	2.2%
2017-18	5,204	1,136	6,340	2.8%
2018-19	5,268	1,170	6,438	1.5%
2019-20	4,939	1,180	6,119	(5.0%)
2020-21	4,724	1,192	5,916	(3.3%)
2021-22	4,844	1,228	6,072	2.6%
2022-23	4,969	1,264	6,233	2.7%
2023-24	5,096	1,302	6,398	2.6%

\* Estimated

\*\* Recommended

(dollars in thousands)

## **INTERGOVERNMENTAL**

Intergovernmental revenue is remitted or allocated to the City by other governmental agencies.

### **SOURCES**

- Other governmental agencies—Santa Clara County, State of California, and U.S. government.

### **ECONOMIC FACTORS**

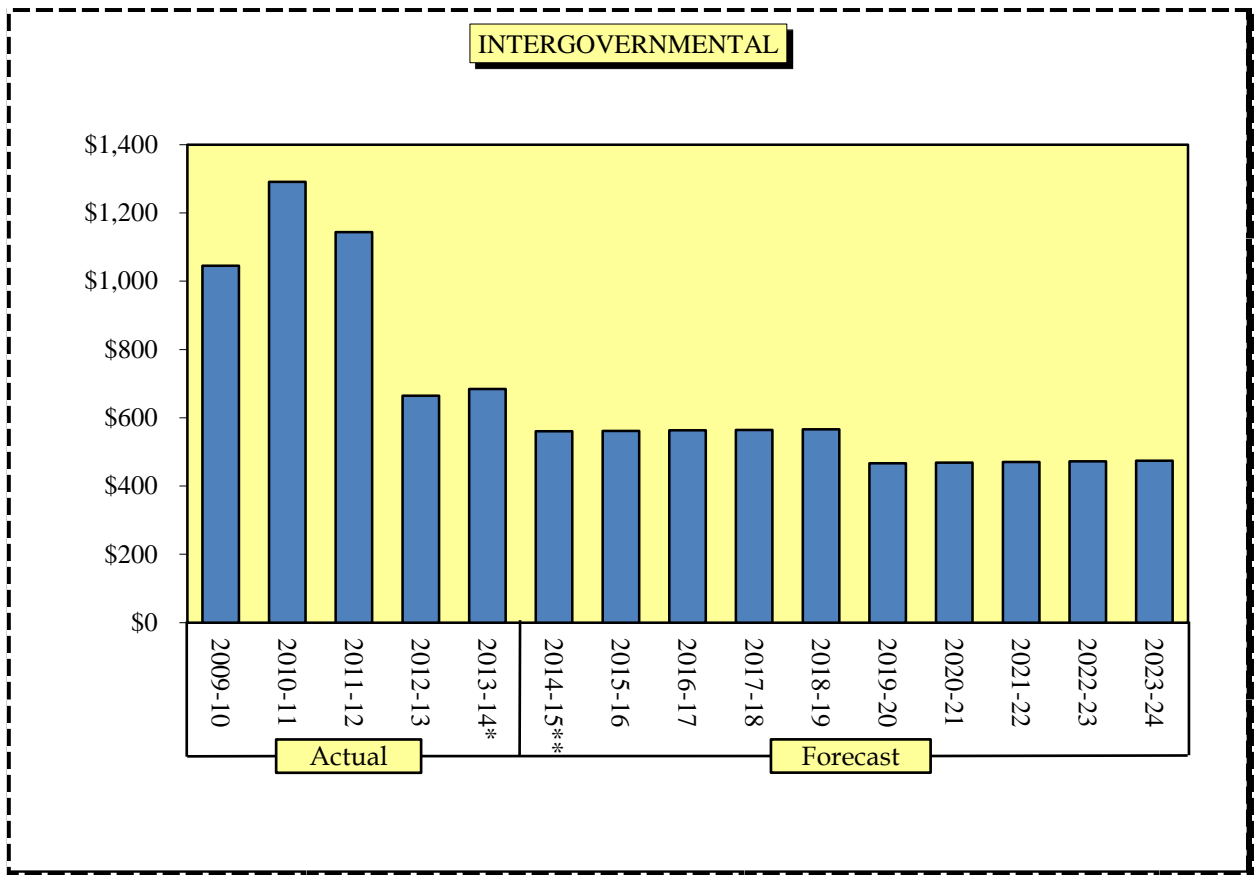
- Actions by the State Legislature.
- State and Federal regulations, legislation, and funded programs.

### **HISTORY**

During the past decade, many revenues from the State have been reduced or eliminated, including Vehicle License Fees (VLF), Community-Oriented Policing Services (COPS), Public Library Funds, Rapid Enforcement Allied Computer Team (REACT), SB 90 mandate reimbursement, and other programs. The Fiscal Year 2013-14 revenue is estimated to exceed the current fiscal year adopted budget and the prior fiscal year actual.

### **FORECAST**

Fiscal Year 2014-15 projected revenue declines compared to the current fiscal year estimate, primarily as Fiscal Year 2014-15 does not include one-time grant funds or mandate reimbursement that were received in the current fiscal year. The remaining forecast years include small incremental increases to several reimbursements from the County and the end of Regional Auto Theft Task Force (RATTF) funding in Fiscal Year 2019-20.



<u>Fiscal Year</u>	<u>Intergovernmental</u>	<u>% Change</u>
2009-10	1,045	34.8%
2010-11	1,291	23.5%
2011-12	1,144	(11.4%)
2012-13	665	(41.9%)
2013-14 *	684	2.9%
2014-15 **	560	(18.1%)
2015-16	561	0.2%
2016-17	563	0.4%
2017-18	564	0.2%
2018-19	566	0.4%
2019-20	467	(17.5%)
2020-21	469	0.4%
2021-22	470	0.2%
2022-23	472	0.4%
2023-24	474	0.4%

\* Estimated  
 \*\* Recommended  
 (dollars in thousands)

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## **CHARGES FOR SERVICES**

Charges for Services is comprised of revenue from fees for services provided by various City departments, primarily related to recreation and development activities.

### **SOURCES**

- City Recreation programs
- Private development activity
- Other provided services.

### **ECONOMIC FACTORS**

- State of the economy.
- Level of participation in City Recreation programs.
- Level of development activity.

### **HISTORY**

Historically, revenue generated from private development has fluctuated with the cycle of development activity, experiencing declines when the economy has faltered. During the past few years, activity has increased more significantly with the recovery of the economy.

In order to ensure appropriate pricing for services, over the past several years, staff completed a Police services cost-of-service study, and Council approved a Recreation Cost Recovery Policy (Policy), increased recovery levels for services provided by other departments, and adopted new or increased service fees. Since approval of the Policy, staff completed an analysis of participation levels, revenues, and changes in programming which indicated that participation levels decreased in some programs, utilization of the fee waiver program increased (likely as a result of the struggling economy), and the number of programs and classes were reduced as a result of minimum attendance requirements authorized in the Policy. Staff continually reviews programming and pricing and makes changes as appropriate. Registration for summer 2014 began mid-March and at this point Recreation revenue is estimated below budget, primarily as the contract instructor program has not been fully implemented. In total,

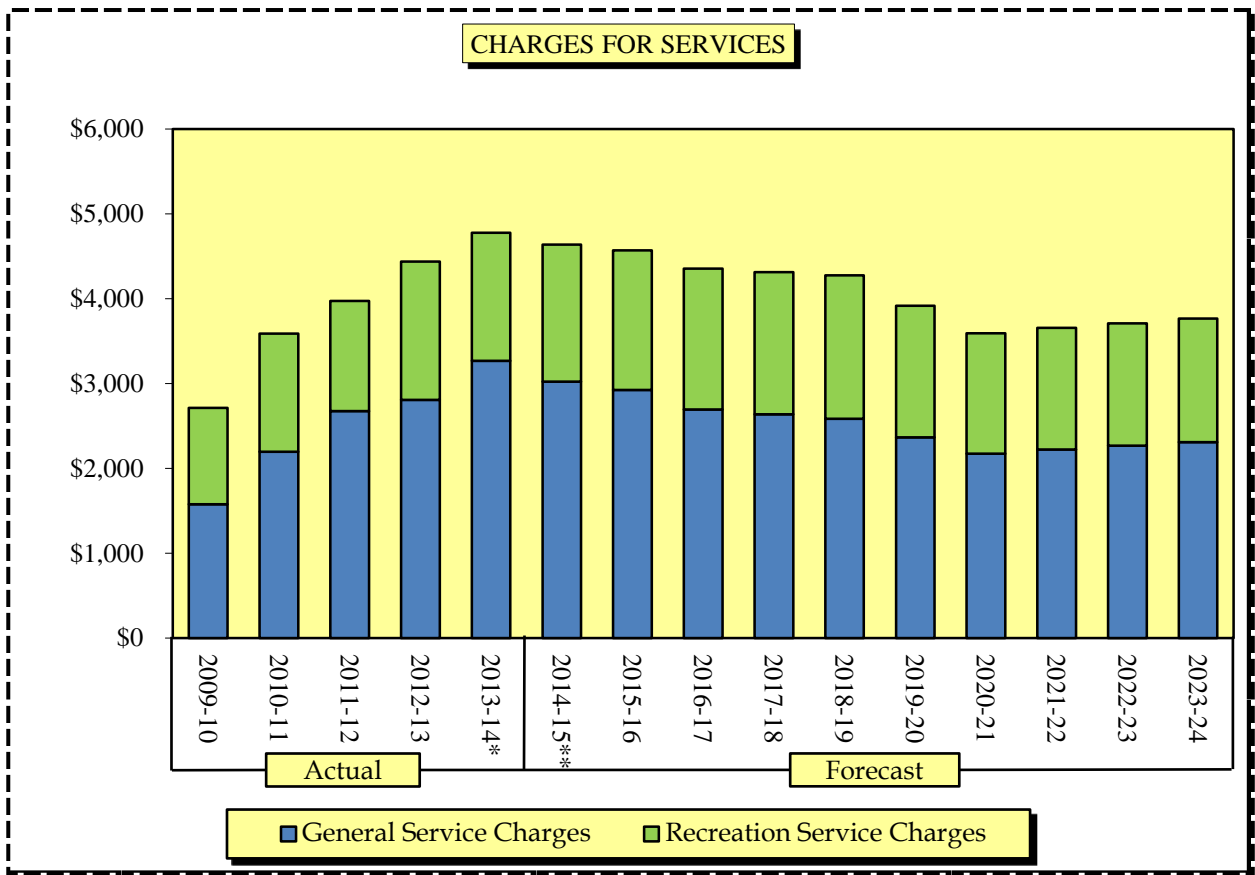


estimated Charges for Services revenue exceeds the adopted budget as development-related revenue is higher than anticipated.

## **FORECAST**

Fiscal Year 2014-15 Charges for Services revenue is projected slightly below the current fiscal year estimate as the pace of development activity is anticipated to slow. The forecast years through Fiscal Year 2019-20 include slight growth in Recreation revenue and a gentle decline in development activity. The following two fiscal years decline more significantly as a result of an anticipated economic downturn and the three subsequent fiscal years reflect increasing activity.

The Forecast does not include the recommendation to consolidate all development activities into a Development Services Fund.



Fiscal Year	Recreation Service Charges	General Service Charges	Total Charges for Services	% Change
2009-10	1,135	1,580	2,715	(4.8%)
2010-11	1,395	2,196	3,591	32.3%
2011-12	1,299	2,675	3,974	10.7%
2012-13	1,629	2,809	4,438	11.7%
2013-14 *	1,512	3,267	4,779	7.7%
2014-15 **	1,614	3,023	4,637	(3.0%)
2015-16	1,648	2,924	4,572	(1.4%)
2016-17	1,661	2,695	4,356	(4.7%)
2017-18	1,675	2,640	4,315	(0.9%)
2018-19	1,689	2,586	4,275	(0.9%)
2019-20	1,548	2,368	3,916	(8.4%)
2020-21	1,421	2,174	3,595	(8.2%)
2021-22	1,432	2,224	3,656	1.7%
2022-23	1,444	2,267	3,711	1.5%
2023-24	1,456	2,312	3,768	1.5%

\* Estimated

\*\* Recommended

(dollars in thousands)

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## **MISCELLANEOUS REVENUES**

Miscellaneous Revenues is comprised of a variety of reimbursed services and nonspecific revenues.

### **SOURCES**

- Donations and Grants.
- Reimbursements for services provided by City.
- Miscellaneous.

### **ECONOMIC FACTORS**

- State of the economy.
- Grant availability and City applications.
- Services provided to businesses, school districts, and other agencies.

### **HISTORY**

The City receives numerous donations and grants for a variety of City programs and services, many of which are not budgeted. Appropriations are increased when a grant or donation is approved by the grantor/donor or the funds are received by the City (requires City Council approval if over \$100,000, City Manager authority up to \$100,000, or Finance and Administrative Services Director authority up to \$20,000). Appropriation adjustments within the authority of the City Manager and Finance and Administrative Services Director are reported to the Council semiannually.

Some reimbursement for services provided in Fiscal Year 2013-14 and prior fiscal years are budgeted as they are ongoing in nature. Other reimbursements are one-time in nature and are not budgeted. The City provides the following categories of services:

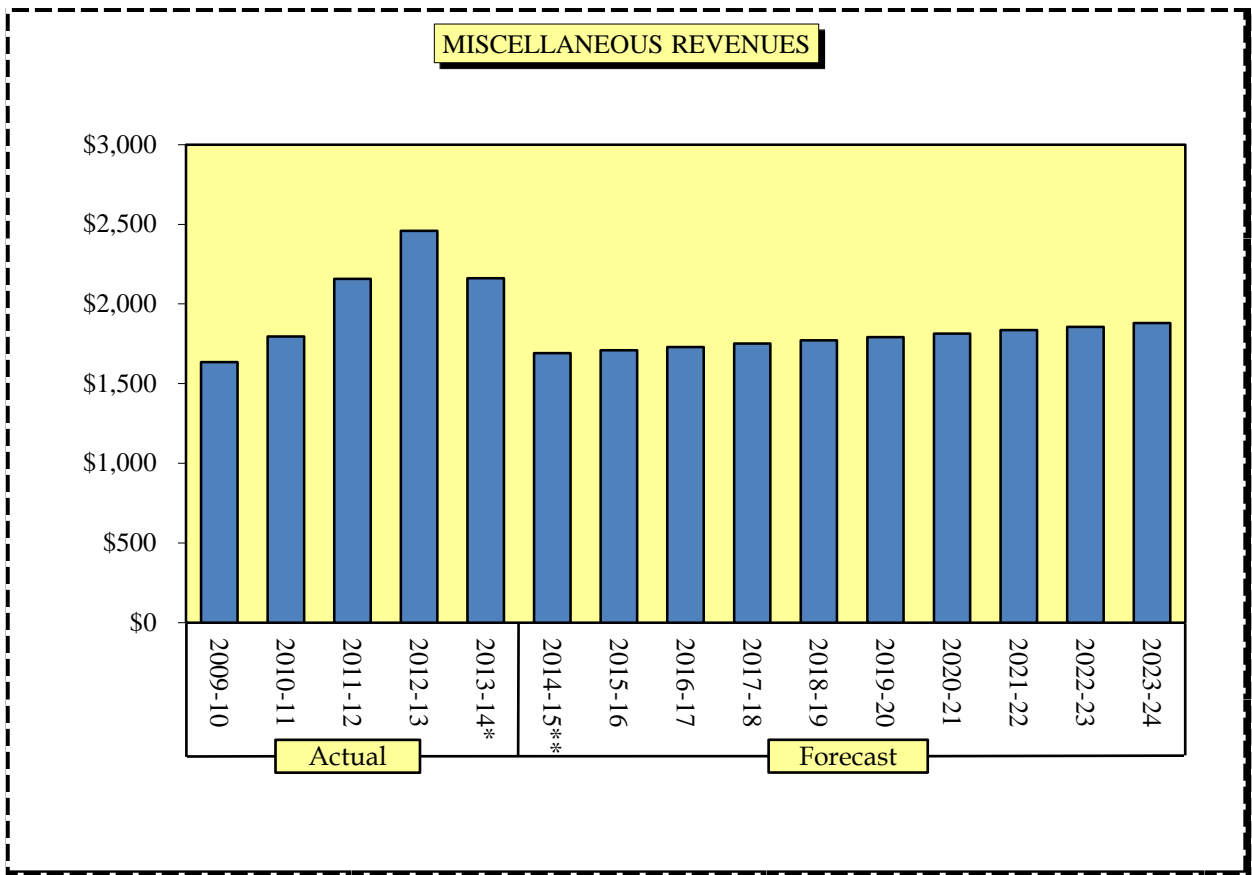
- Maintenance services to the school districts for Graham Athletic Field, Whisman Sports Complex, and Mountain View Sports Pavilion.
- Mutual aid fire support to other cities and the State of California which are later reimbursed by the State and Federal government.

- Public safety dispatch to the Midpeninsula Regional Open Space District (MROSD).
- Contractual first responder for Rural Metro.
- Staffing and other support for some Shoreline Amphitheatre events and other special events.

Total annual Miscellaneous Revenue does vary, but over the past 10 years, has averaged approximately \$1.7 million annually.

## **FORECAST**

Fiscal Year 2014-15 includes a 12.0 percent increase (including recommended changes of \$149,000) compared to Fiscal Year 2013-14 adopted. The remaining forecast years increase an average of 1.2 percent annually.



<u>Fiscal Year</u>	<u>Miscellaneous Revenues</u>	<u>% Change</u>
2009-10	1,635	(22.0%)
2010-11	1,795	9.8%
2011-12	2,158	20.2%
2012-13	2,459	13.9%
2013-14 *	2,161	(12.1%)
2014-15 **	1,691	(21.7%)
2015-16	1,710	1.1%
2016-17	1,729	1.1%
2017-18	1,751	1.3%
2018-19	1,771	1.1%
2019-20	1,792	1.2%
2020-21	1,813	1.2%
2021-22	1,835	1.2%
2022-23	1,857	1.2%
2023-24	1,880	1.2%

\* Estimated

\*\* Recommended

(dollars in thousands)

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## **INTERFUND REVENUES AND TRANSFERS**

Interfund Revenues result from internal charges for staff time, building space, and maintenance services provided to other funds and capital projects by the General Operating Fund. The cost of this internal support provided to other funds is calculated in the City's Full Cost Allocation Plan (Plan). Interfund Transfers include transfers between the GOF and a variety of other funds.

### **SOURCES**

- Interfund Revenues are reimbursements to the GOF for internal support services provided to other funds and capital improvement projects.
- Interfund Transfers are transfers from other City funds.

### **ECONOMIC FACTORS**

- Level and cost of services provided by GOF staff to other funds and capital improvement projects.

### **HISTORY**

Interfund Revenues: In the early 1990s, with the assistance of a cost plan consultant, the City began preparing and utilizing a full cost plan for reimbursement to the GOF. The Plan has been updated approximately every two to three years and this revenue source accounts for approximately 11.0 percent of total GOF revenues.

Interfund Transfers: These vary from year to year, and are ongoing and one-time/limited-period in nature. The Fiscal Year 2013-14 Adopted Budget includes the annual transfers: \$750,000 of investment earnings from the Google prepaid rent, \$200,000 of net operating income from Shoreline Golf Links (currently estimated at \$114,000), and the final transfer from the PERS Reserve.

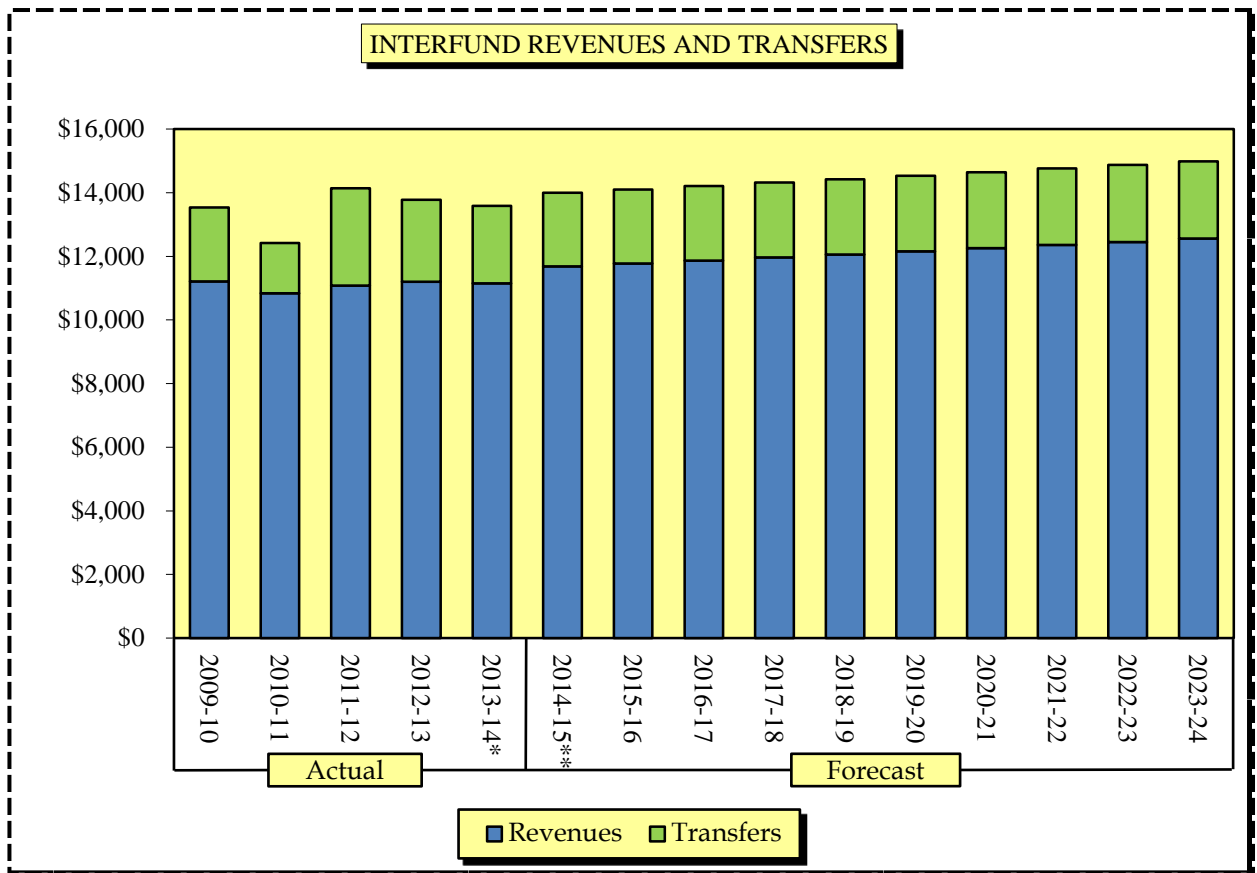
### **FORECAST**

Interfund Revenues: For Fiscal Year 2014-15, Interfund Revenues include reimbursement from various funds which receive support from the GOF. An update of the Plan was recently completed and the results have been incorporated. Significant changes compared to the current fiscal year include elimination of administrative reimbursement from the Successor Agency and an increase in reimbursement from the



Shoreline Community resulting from an allocation of a share of the full cost of Police services, not just Patrol and Emergency Communications. The remaining forecast period includes small incremental annual increases.

Interfund Transfers: For Fiscal Year 2014-15, Interfund Transfers include \$1.3 million of reimbursement from the Gas Tax Fund, \$750,000 of interest from the Google prepaid rent, \$225,000 of operating income from Shoreline Golf Links, and \$108,000 of reimbursement from the Parking District. The forecast period includes level or slightly increasing transfers from the same funds.



<u>Fiscal Year</u>	<u>Interfund Revenues</u>	<u>Interfund Transfers</u>	<u>Interfund Rev &amp; Trans</u>	<u>% Change</u>
2009-10	11,210	2,327	13,537	0.2%
2010-11	10,841	1,579	12,420	(8.3%)
2011-12	11,085	3,053	14,138	13.8%
2012-13	11,204	2,577	13,781	(2.5%)
2013-14 *	11,153	2,435	13,588	(1.4%)
2014-15 **	11,682	2,314	13,996	3.0%
2015-16	11,775	2,327	14,102	0.8%
2016-17	11,869	2,340	14,209	0.8%
2017-18	11,964	2,353	14,317	0.8%
2018-19	12,060	2,366	14,426	0.8%
2019-20	12,157	2,379	14,536	0.8%
2020-21	12,255	2,392	14,647	0.8%
2021-22	12,355	2,405	14,760	0.8%
2022-23	12,454	2,419	14,873	0.8%
2023-24	12,556	2,432	14,988	0.8%

\* Estimated

\*\* Recommended

(dollars in thousands)

## **LOAN REPAYMENTS**

This revenue source reflects the annual repayment of loan obligations from other funds.

### **SOURCES**

- Shoreline Regional Park Community.
- Revitalization Authority.

### **ECONOMIC FACTORS**

- Financial condition of the paying funds.

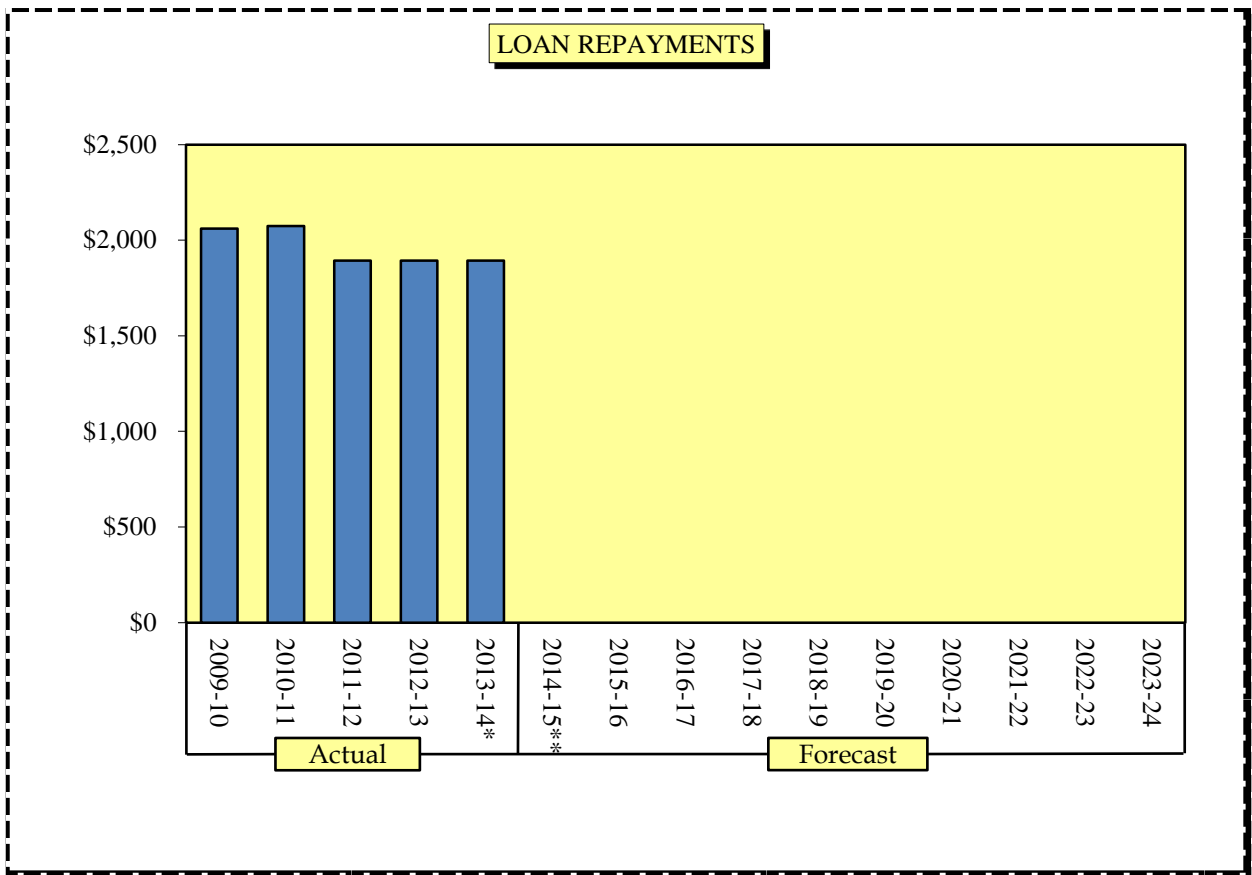
### **HISTORY**

Shoreline Regional Park Community (Shoreline Community): The General Fund made a series of loans to the Shoreline Community beginning in Fiscal Year 1985-86, which eventually totaled \$17.8 million. The loans were consolidated during Fiscal Year 1988-89. Because this revenue stream was long-term in nature, it has been included as operating revenues.

Revitalization Authority (Authority): The General Fund made two loans to the Authority during 1988 and 1989 to fund the Castro Street improvements. In Fiscal Year 2002-03, the loan was reamortized to 2019, the deadline for debt to be repaid by the Authority at a 6.0 percent interest rate with an annual loan payment in the amount of \$165,500. AB 1484 dissolved all redevelopment agencies (RDA) throughout California and subsequent legislation invalidated loans between RDAs and the cities that created them.

### **FORECAST**

Shoreline Community: As there are only two years of payments remaining, staff is recommending moving the final two payments to the General Non-Operating Fund. The City's past practice has been to align ongoing revenue with ongoing expenditures. Although this loan was considered ongoing operating revenue due to its long-term nature, due to the short-term nature of the remaining payments, it is recommended it be considered as one-time revenues.

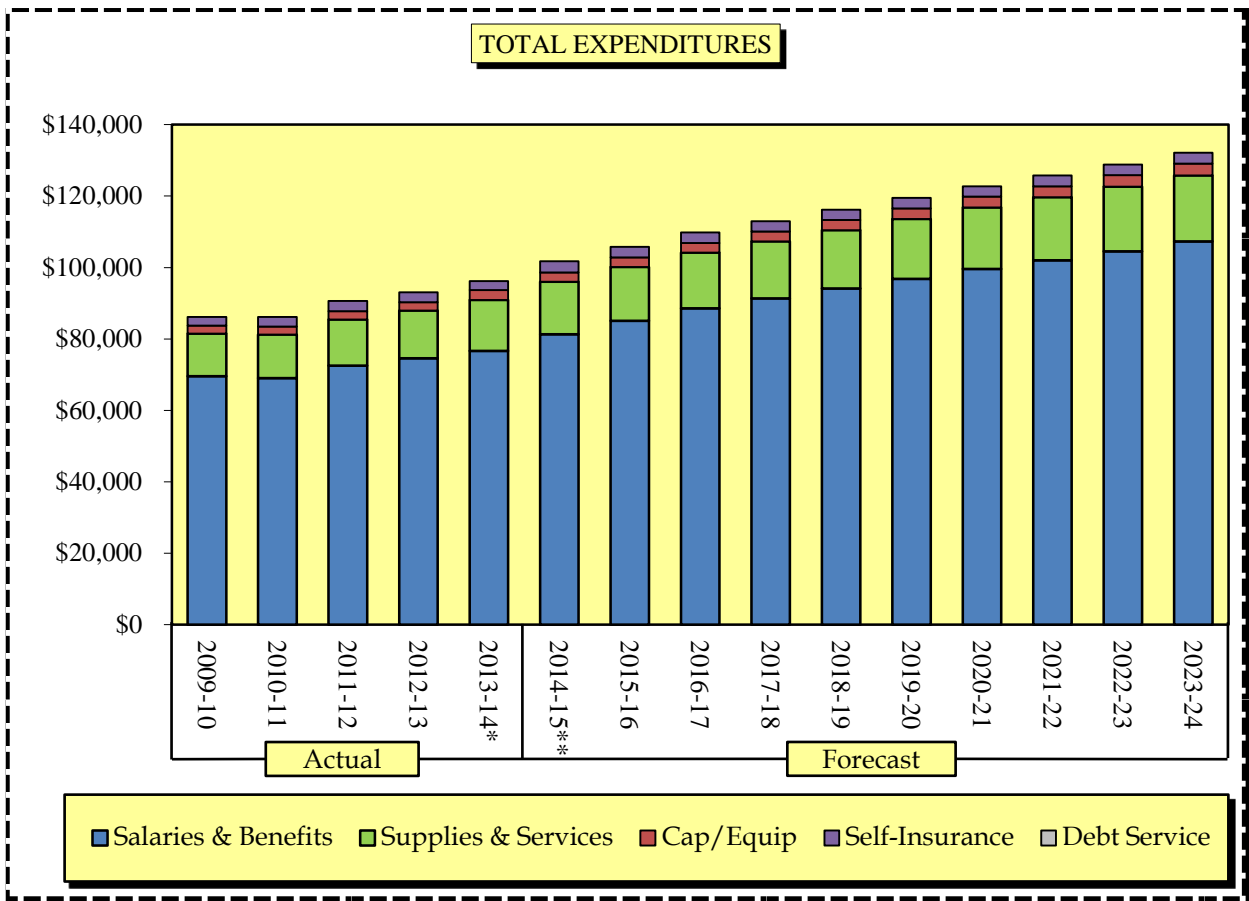


<u>Fiscal Year</u>	<u>Loan Repayments</u>	<u>% Change</u>
2009-10	2,060	0.0%
2010-11	2,075	0.7%
2011-12	1,894	(8.7%)
2012-13	1,894	0.0%
2013-14 *	1,894	0.0%
2014-15 **	0	(100.0%)
2015-16	0	0.0%
2016-17	0	0.0%
2017-18	0	0.0%
2018-19	0	0.0%
2019-20	0	0.0%
2020-21	0	0.0%
2021-22	0	0.0%
2022-23	0	0.0%
2023-24	0	0.0%

\* Estimated

\*\* Recommended

(dollars in thousands)



<u>Fiscal Year</u>	<u>Total Expenditures</u>	<u>% Change</u>
2009-10	86,136	1.8%
2010-11	86,160	0.0%
2011-12	90,605	5.2%
2012-13	93,041	2.7%
2013-14 *	96,215	3.4%
2014-15 **	101,727	5.7%
2015-16	105,815	4.0%
2016-17	109,786	3.8%
2017-18	112,951	2.9%
2018-19	116,199	2.9%
2019-20	119,471	2.8%
2020-21	122,769	2.8%
2021-22	125,751	2.4%
2022-23	128,875	2.5%
2023-24	132,164	2.6%

\* Estimated

\*\* Recommended

(dollars in thousands)

The Fiscal Year 2014-15 recommended expenditures and all forecast years do not include the projected operating budget savings.

## **SALARIES AND BENEFITS**

The Salaries and Benefits category makes up the largest component of General Operating Fund expenditures and represents all personnel-related costs. The City is obligated by law to meet and confer with bargaining units and also meets with other employees on matters of employee compensation. There are currently four recognized bargaining groups in the City: the Police Officers Association (POA sworn and nonsworn), the Mountain View Professional Firefighters Union (MVFF Local 1965), the Service Employees International Union (SEIU Local 715), and the EAGLES (Management, Professional, and certain Front-Line positions). The remaining employees include certain unrepresented Management, Professional, and Front-Line positions. The outcome of negotiations with each group is a major factor in salary and benefit costs.

### **CATEGORIES**

- Salaries.
- Wages.
- Overtime.
- Other Pays (e.g., holiday-in-lieu, out-of-class, etc.).
- Health Benefits.
- Retirees' Health.
- Public Employees Retirement System (PERS).
- Workers' Compensation.
- Unemployment Insurance.
- Other Benefits (e.g., life insurance, long-term disability, FICA, etc.).

### **HISTORY**

Since Fiscal Year 2000-01, there have been two downturns in the economy necessitating a net reduction of approximately 70 positions and employee compensation cost

containment. During Fiscal Year 2011-12, the City negotiated three-year contracts with all employee groups that expire June 30, 2015. Cost-containment measures that became effective for Fiscal Year 2012-13 for all or some of the employee groups include maximum vacation accruals, modified sick-leave incentive program, HMO medical plan copay, option of new high-deductible health plan, improved alignment of dental and vision plans between groups, and Retirees' Health Trust contributions.

The PERS Safety rate includes both Police and Fire groups. For Fiscal Year 2011-12, the Fire Safety group chose to amend the PERS contract to include their previous cost share as part of the employee contribution, thus reducing the employer rate by the same amount. Because both groups make up the Safety rate, the PERS rate is a blend of the two groups.

Pension costs have increased dramatically from 2000 until now; they were \$2.9 million (4.7 percent of GOF expenditures), but are now \$11.4 million (11.6 percent of GOF expenditures). Pension costs continue to grow and in many cities the employer pays some or all of the employee contribution. Mountain View employees not only pay the employee contribution, but they also pay a portion of the employer contribution. Although this is becoming more common in other agencies as they have grappled with budget deficits, this was an unusual and progressive arrangement when instituted in Mountain View and reflects the collaborative approach of our employees.

As a result of the significant financial losses to PERS and the resulting impacts to the financial sustainability of the pension plans, many changes in the way PERS rates are calculated have been adopted in the past several years as follows:

- In March 2012, the PERS Board approved the reduction of 0.25 percent in the discount rate used to calculate the pension liability and corresponding employer contribution rates. The impact is 0.92 percent and 1.4 percent employer rate increase for miscellaneous employees and a 2.56 percent and 1.6 percent employer rate increase for safety employees for Fiscal Years 2013-14 and 2014-15, respectively. For Mountain View, this resulted in an increase to pension costs of \$1.3 million (net of additional cost share) phased in over two years. These impacts have been incorporated into the General Operating Fund Budget.
- On April 17, 2013, the PERS Board adopted recommendations of the Chief Actuary. The recommendations changed the methodology for the amortization and smoothing of rates. Overall, the proposed methods are expected to result in higher volatility in employer rates in normal years, but less volatility in employer rates in years where extreme events occur (e.g., significant investment losses). The

method will result in increased higher employer rates over time, but are also expected to result in improved funding levels.

## FORECAST

In accordance with the various MOUs and employee group agreements, a 2.0 percent COLA is included in the projections for Fiscal Year 2014-15. Fiscal Year 2015-16 includes a modest projected COLA, but the remaining forecast years do not include COLAs, as this would result in projected deficits. All forecast years include step and merit increases.

Fiscal Year 2014-15 medical insurance rates are projected to increase 11.0 percent and dental rates are anticipated to increase 3.0 percent. The following two fiscal years assume medical rates will continue to increase by 11.0 percent and the remainder of the forecast period assumes an annual 10.0 percent increase. Dental rates increase by 3.0 percent throughout the forecast period.

Overall, retirement costs are projected to increase 10.1 percent compared to the Fiscal Year 2013-14 Adopted Budget. In Fiscal Years 2015-16 through 2020-21, the annual increases are projected to fluctuate between 6.0 percent and 14.7 percent.

On February 18, 2014, the PERS Board adopted changes as a result of the demographic study. The study resulted in increased rates as life expectancy continues to rise. Generational mortality tables are also being incorporated in the actuarial assumptions. However, previously PERS staff had anticipated recommending an additional 0.25 percent to 0.5 percent reduction in the discount rate, but no change was recommended as the PERS Board did not adopt a change in the allocation of investments. The demographic changes are anticipated to raise rates by 4.5 percent and 7.05 percent over five years, for miscellaneous and public safety, respectively. This equates to approximately \$1.7 million for miscellaneous and \$1.7 million for public safety annually after the impact is fully phased in.

Below are the projected employer rates based on the information provided by PERS staff.

	<b>Rate FY 2014-15</b>	<b>Rate FY 2015-16</b>	<b>Year 1 FY 2016-17</b>	<b>Year 2 FY 2017-18</b>	<b>Year 3 FY 2018-19</b>	<b>Year 4 FY 2019-20</b>	<b>Year 5 FY 2020-21</b>
Miscellaneous	23.370	24.80	27.80	29.95	32.20	34.35	36.60
Safety <sup>(1)</sup>	33.389	35.10	39.82	42.65	45.39	48.22	51.05

<sup>(1)</sup> The PERS Safety rate reflects the impact of the Fire cost contributed as member contributions.



The impact of the assumption changes previously projected to take effect for local agencies with Fiscal Year 2015-16 employer rates has been postponed to Fiscal Year 2016-17.

All employee groups contribute their employee share of PERS costs plus a “cost share” of a portion of the City’s contribution.



<u>Fiscal Year</u>	<u>Salaries and Benefits</u>	<u>% Change</u>
2009-10	69,549	2.1%
2010-11	69,007	(0.8%)
2011-12	72,537	5.1%
2012-13	74,561	2.8%
2013-14 *	76,622	2.8%
2014-15 **	81,297	6.1%
2015-16	85,036	4.6%
2016-17	88,589	4.2%
2017-18	91,376	3.1%
2018-19	94,109	3.0%
2019-20	96,851	2.9%
2020-21	99,604	2.8%
2021-22	102,026	2.4%
2022-23	104,573	2.5%
2023-24	107,269	2.6%

\* Estimated

\*\* Recommended

(dollars in thousands)

## **SUPPLIES AND SERVICES**

The Supplies and Services category makes up the second largest component of General Operating Fund expenditures and represents costs of operations.

### **CATEGORIES**

- Materials and Supplies.
- Maintenance and Operations.
- Utilities.
- Professional/Technical Services.
- Training, Conference, and Travel.
- Miscellaneous Expenditures.

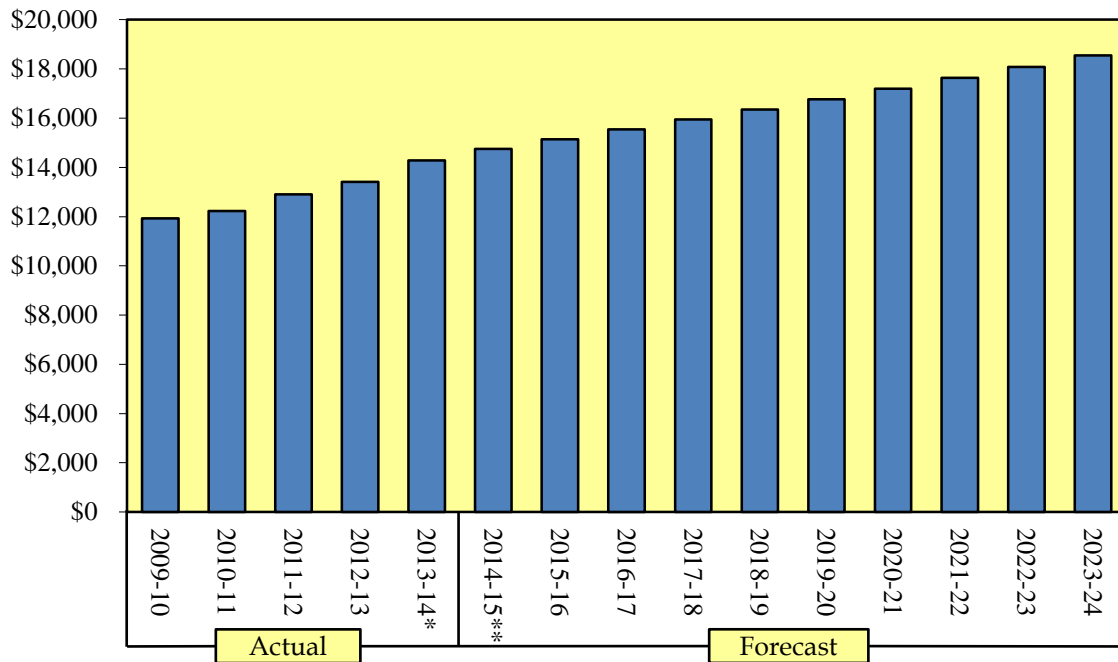
### **HISTORY**

The budget for Services and Supplies has fluctuated depending on economic conditions impacting the General Operating Fund. Staff has worked hard to contain costs, particularly during the Great Recession. The \$14.2 million adopted for Fiscal Year 2013-14 is only \$42,000 (0.3 percent) higher than what was adopted in Fiscal Year 2006-07.

### **FORECAST**

This category is projected to increase \$502,000 (3.5 percent) compared to Fiscal Year 2013-14 Adopted, including the City Manager's recommendations and City utility increases based on recommended rate increases. The remainder of the forecast period includes average annual inflationary increases of 2.6 percent.

### SUPPLIES AND SERVICES



<u>Fiscal Year</u>	<u>Supplies and Services</u>	<u>% Change</u>
2009-10	11,933	(9.3%)
2010-11	12,226	2.5%
2011-12	12,910	5.6%
2012-13	13,414	3.9%
2013-14 *	14,280	6.5%
2014-15 **	14,746	3.3%
2015-16	15,138	2.7%
2016-17	15,540	2.7%
2017-18	15,954	2.7%
2018-19	16,357	2.5%
2019-20	16,771	2.5%
2020-21	17,196	2.5%
2021-22	17,633	2.5%
2022-23	18,083	2.6%
2023-24	18,546	2.6%

\* Estimated

\*\* Recommended

(dollars in thousands)

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## **CAPITAL OUTLAY AND EQUIPMENT REPLACEMENT**

The Capital Outlay and Equipment Replacement category represents the new and replacement equipment needs of the City. Although individually, Capital Outlay is one-time in nature, the City includes this category in the Operating Budget to reflect capital needs on an annual basis. In addition, annual contributions to the Equipment Replacement Fund are made by the General Operating Fund, Building/Development Services, Shoreline Golf Links, Parking District, Shoreline Regional Park Community, Water, Wastewater, Solid Waste Management, and Fleet Maintenance Funds based on the equipment used by each of those operations. Equipment replacement expenses are accounted for in the Equipment Replacement Reserve Fund.

### **CATEGORIES**

- Capital Outlay.
- Equipment Replacement.

### **HISTORY**

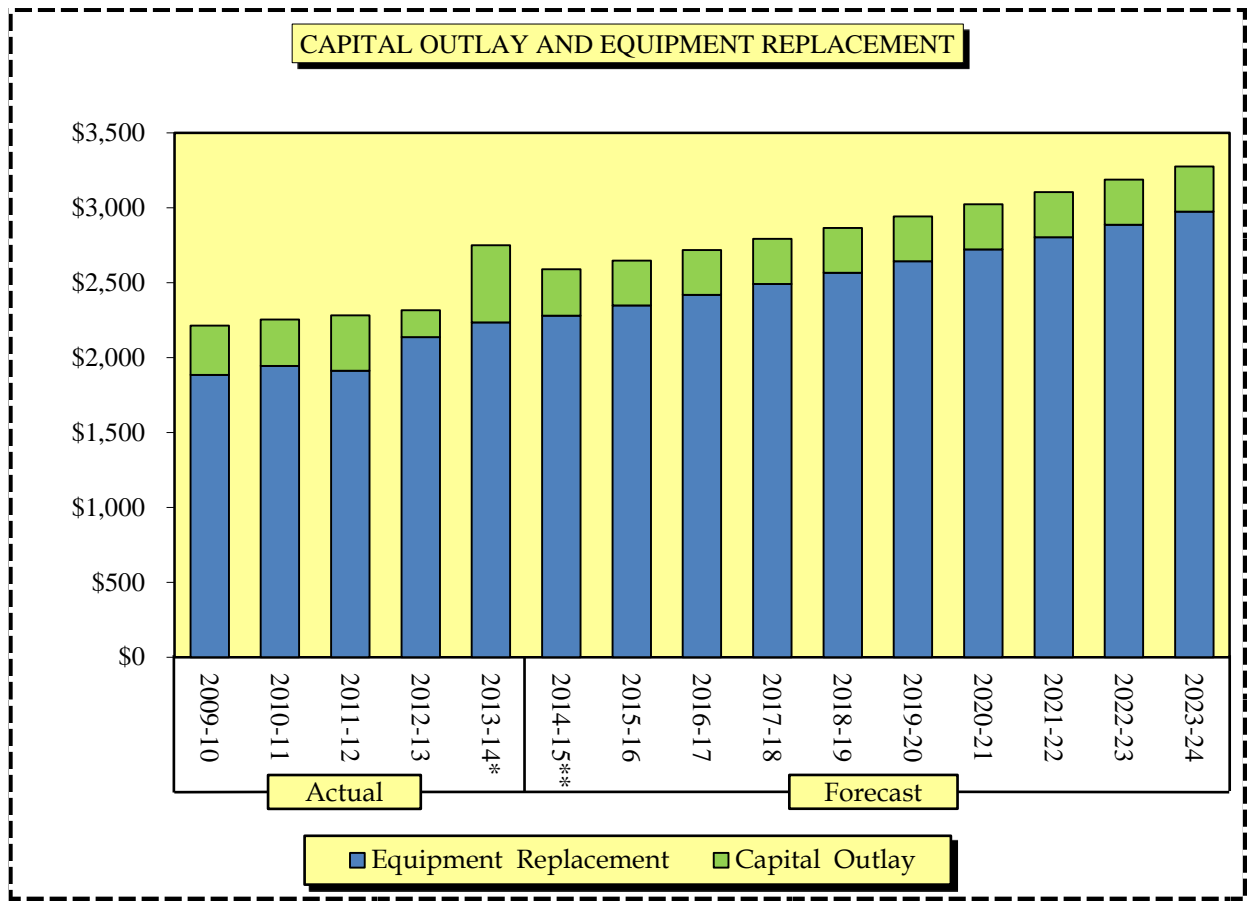
Capital Outlay: Since Fiscal Year 1993-94, the annual expenditures have grown as a result of an increased level of technology and related equipment, an increase in the number and quality of safety vehicles, and the addition of hybrid vehicles to the fleet. This category is also impacted by the economic condition impacting the GOF and has also experienced fluctuations over the past 10 fiscal years. For the past decade, annual budgeted expenditures for Capital Outlay have ranged between \$163,000 and \$397,000 and averaged \$259,000. For the current fiscal year, capital outlay was funded at \$310,000.

Equipment Replacement: The Equipment Replacement Reserve was funded with year-end General Fund carryover in Fiscal Years 1992-93 and 1993-94. Subsequently, appropriations were gradually increased until the GOF was fully funding its share in Fiscal Year 2001-02. Then, after several years of reduced contributions, a review of cost methodologies, useful life assumptions, and annual contributions was completed in Fiscal Year 2005-06, and staff concluded annual funding would need to be restored in order to financially sustain the replacement schedule. This was accomplished through a combination of increasing operating budget contributions supplemented by GOF carryover. Beginning in Fiscal Year 2009-10, the full share of funding is budgeted in the GOF. The current fiscal year contribution to Equipment Replacement is adopted at \$2.2 million.

## **FORECAST**

Capital Outlay: The Fiscal Year 2014-15 funding is recommended at \$310,000 and the remainder of the forecast period is recommended at \$300,000 annually.

Equipment Replacement: The GOF Fiscal Year 2014-15 contribution is projected to increase 2.0 percent to \$2.3 million and the remainder of the forecast period includes average annual increases of 3.0 percent to continue full funding of the GOF's share of equipment replacement.



Fiscal Year	Capital Outlay	Equipment Replacement	Capital Outlay & Equip. Replcmnt.	% Change
2009-10	328	1,885	2,213	47.1%
2010-11	309	1,944	2,253	1.8%
2011-12	371	1,911	2,282	1.3%
2012-13	178	2,137	2,315	1.4%
2013-14 *	514	2,235	2,749	18.7%
2014-15 **	310	2,279	2,589	(5.8%)
2015-16	300	2,347	2,647	2.2%
2016-17	300	2,418	2,718	2.7%
2017-18	300	2,491	2,791	2.7%
2018-19	300	2,565	2,865	2.7%
2019-20	300	2,642	2,942	2.7%
2020-21	300	2,722	3,022	2.7%
2021-22	300	2,803	3,103	2.7%
2022-23	300	2,887	3,187	2.7%
2023-24	300	2,974	3,274	2.7%

\* Estimated

\*\* Recommended

(dollars in thousands)



## **SELF-INSURANCE**

The Self-Insurance category represents the General Operating Fund's share of insurance costs accounted for in the Internal Service Funds. Special Funds and the Enterprise Funds also contribute to self-insurance.

### **CATEGORIES**

- General Liability.
- Retirees' Health Program.
- Vision Care.

### **HISTORY**

General Liability: In Fiscal Year 1993-94, the City joined a liability insurance pool (ACCEL) with other select cities for the provision of coverage in excess of the \$1.0 million self-insured retention (SIR). Beginning in Fiscal Year 2001-02, funding of liability insurance was spread to all funds which receive a benefit from this insurance coverage. Previously, the cost was funded entirely by the GOF.

Retirees' Health Insurance Program: The medical premiums for eligible retirees are paid by the Retirees' Health Fund. Although the City was not yet required to fund this liability, Council allocated funds to this reserve beginning in Fiscal Year 1992-93.

In 2004, the Government Accounting Standards Board (GASB) published Statement No. 45—Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions—which required the City report the annual cost of this liability in the City's Comprehensive Annual Financial Report (CAFR) beginning in Fiscal Year 2007-08. An actuarial report was completed and beginning in Fiscal Year 2006-07, the calculated normal cost (NC) portion for current employees was budgeted in all the affected funds. In addition, for Fiscal Year 2006-07, Council approved contributions from other funds for their proportionate share of the unfunded actuarial accrued liability (UAAL). An update of the actuarial valuation is prepared a minimum of every two years and was last prepared as of July 1, 2013.

In February 2008, Council approved an agreement authorizing the City's participation in the PERS-administered California Employees Retiree Benefit Trust (CERBT) Fund,

and in February 2009, the City began depositing funds into the CERBT. The balance in the CERBT as of March 31, 2014 is \$81.3 million.

Vision Care: Vision care claims for employees and retirees with Health Net medical coverage and reimbursement for safety glasses submitted by current employees are paid by the Employee Benefits Fund. The annual cost of this program is allocated to all operating funds.

## FORECAST

General Liability: The Fiscal Years 2014-15 through 2023-24 projections are based on maintaining the minimum policy level for reserve balances. The total coverage includes a \$1.0 million self-insurance retention (SIR), \$4.0 million of coverage above the SIR through the ACCEL joint powers authority, and an additional \$70.0 million of purchased excess coverage, for a total of \$75.0 million. For Fiscal Year 2014-15, the GOF is projected to contribute \$1.1 million, a 4.4 percent increase. The remainder of the forecast period includes annual increases ranging between 3.0 percent and 3.6 percent, or an average annual increase of 3.1 percent.

Retirees' Health Insurance Program: For Fiscal Year 2014-15, the amount recommended for Retirees' Health includes \$1.9 million for the UAAL amortization and the additional \$1.0 million contribution in the recommended budget, for a total of \$2.9 million.

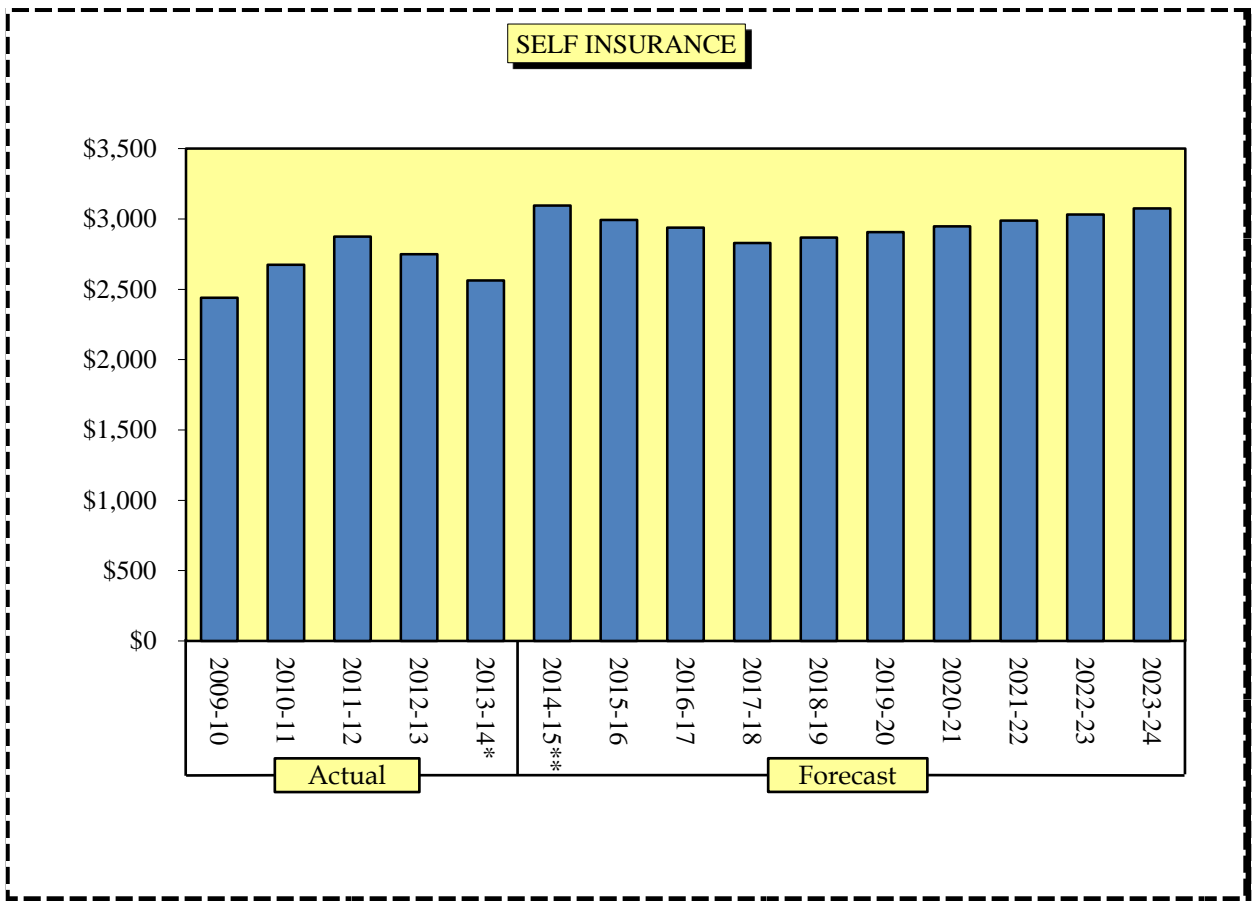
Between July 1, 2011 and July 1, 2013, the Actuarial Accrued Liability (AAL) increased from \$82.7 million to \$101.9 million and is 68.2 percent funded. A significant component of the increase in the AAL is due to the reducing of the discount rate from 7.61 percent to 7.0 percent. All funds except the GOF have or continue to fully fund their share of the liability. The GOF continues to contribute its share of the amortization of the unfunded liability. As this is the first opportunity to contribute funds towards this liability since prior to the recession, staff is recommending a contribution of \$1.0 million from the Fiscal Year 2013-14 carryover, and \$1.0 million each in the budget for the following two fiscal years, Fiscal Year 2014-15 and Fiscal Year 2015-16, to raise the funding status of this liability.

Using the projections from the July 2013 valuation, the UAAL amortization declines through Fiscal Year 2017-18 (the end of the valuation projections) and the remaining forecast years remain at the same level. The difference between the pay-as-you-go premiums and the Annual Required Contribution (ARC) will be deposited into the CERBT on an annual basis. The actuarial will be updated next as of July 1, 2015.

Vision Care: The GOF's contribution is based on the projected amount required to fund vision coverage for employees and retirees with Health Net coverage and safety glasses for employees.

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<u>Fiscal Year</u>	<u>Self Insurance</u>	<u>% Change</u>
2009-10	2,441	201.7%
2010-11	2,674	9.5%
2011-12	2,876	7.6%
2012-13	2,751	(4.3%)
2013-14 *	2,564	(6.8%)
2014-15 **	3,095	20.7%
2015-16	2,994	(3.3%)
2016-17	2,939	(1.8%)
2017-18	2,830	(3.7%)
2018-19	2,868	1.3%
2019-20	2,907	1.4%
2020-21	2,947	1.4%
2021-22	2,989	1.4%
2022-23	3,032	1.4%
2023-24	3,075	1.4%

\* Estimated

\*\* Recommended

(dollars in thousands)

Full funding of the amortization of the UAAL was not included in the General Operating Fund until Fiscal Year 2009-10.

GENERAL OPERATING FUND HISTORY  
(dollars in thousands)

	<u>2004-05</u> <u>AUDITED</u>	<u>2005-06</u> <u>AUDITED</u>	<u>2006-07</u> <u>AUDITED</u>	<u>2007-08</u> <u>AUDITED</u>	<u>2008-09</u> <u>AUDITED</u>	<u>2009-10</u> <u>AUDITED</u>	<u>2010-11</u> <u>AUDITED</u>	<u>2011-12</u> <u>AUDITED</u>	<u>2012-13</u> <u>AUDITED</u>
REVENUES:									
Property Taxes	\$15,502	21,135	22,027	23,681	25,647	26,017	25,142	26,216	28,122
Sales Tax	14,852	16,019	17,223	17,273	16,264	15,242	15,502	15,940	16,744
Other Local Taxes	7,376	7,957	9,357	10,338	9,242	9,144	9,870	10,774	12,015
Use of Money and Property	9,128	8,991	10,242	11,165	11,480	10,881	10,290	10,138	10,783
Other Revenues <sup>1</sup>	24,712	22,751	24,232	23,623	23,270	23,072	24,361	27,079	27,253
Loan Repayments	<u>2,060</u>	<u>2,060</u>	<u>2,060</u>	<u>2,060</u>	<u>2,060</u>	<u>2,060</u>	<u>2,075</u>	<u>1,894</u>	<u>1,894</u>
TOTAL REVENUES	<u>73,630</u>	<u>78,913</u>	<u>85,141</u>	<u>88,140</u>	<u>87,963</u>	<u>86,416</u>	<u>87,240</u>	<u>92,041</u>	<u>96,811</u>
EXPENDITURES:									
Salaries and Benefits	51,165	54,818	58,454	63,374	68,091	69,549	69,007	72,537	74,561
Supplies and Services	11,775	12,563	13,782	13,567	13,155	11,933	12,226	12,910	13,414
Capital Outlay/ Equipment Replacement	618	775	1,284	1,777	1,504	2,213	2,253	2,282	2,315
Self Insurance	954	1,209	1,618	2,082	809	2,441	2,674	2,876	2,751
Debt Service	<u>1,019</u>	<u>1,021</u>	<u>1,016</u>	<u>1,016</u>	<u>1,020</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENDITURES	<u>65,531</u>	<u>70,386</u>	<u>76,154</u>	<u>81,816</u>	<u>84,579</u>	<u>86,136</u>	<u>86,160</u>	<u>90,605</u>	<u>93,041</u>
OPERATING BALANCE	<u>\$ 8,099</u>	<u>8,527</u>	<u>8,987</u>	<u>6,324</u>	<u>3,384</u>	<u>280</u>	<u>1,080</u>	<u>1,436<sup>2</sup></u>	<u>3,770<sup>3</sup></u>

<sup>1</sup> Includes Licenses, Permits & Fees; Fines and Forfeitures; Intergovernmental; Charges for Services; Miscellaneous Revenue; and Interfund Revenues & Transfers.

<sup>2</sup> Balance transferred to General Non-Operating Fund (\$814,000) and General Fund Reserve (\$622,000).

<sup>3</sup> Balance transferred to General Non-Operating Fund (\$3.0 million) and General Fund Reserve (\$800,000).

## List of Attachments

1. Reaffirming Fiscal Years 2013-14 and 2014-15 City Council Major Goals and Projects
2. Recommended Fee Modifications
3. Fiscal Year 2014-15 Recommended Non-Discretionary Ongoing Changes - GOF and Other Funds
4. Fiscal Year 2014-15 Recommended Discretionary Ongoing Changes - GOF and Other Funds
5. Mayors Innovation Project
6. Fiscal Year 2014-15 Recommended Limited-Period Expenditures - GOF and Other Funds
7. Staffing for Mobility Issues
8. Fiscal Year 2014-15 Recommended Capital Outlay - GOF and Other Funds
9. Fiscal Year 2014-15 Recommended Equipment Replacement
10. Energy Upgrade Mountain View
11. Request for Boomerang Funds for Low-/Moderate-Income Housing
12. Sister Cities 40<sup>th</sup> Anniversary Request for Funding
13. Sister Cities International Request for Community Sponsorship
14. Santa Clara County Request for Automatic Defibrillator Funding
15. Multi-Family Housing Inspection Internal Audit
16. Comparison of Current and Recommended Utility Rates
17. Palo Alto Regional Water Quality Control Plant (PARWQCP) Long-Term Plan



## CITY OF MOUNTAIN VIEW

### MEMORANDUM

City Manager's Office

**DATE:** April 29, 2014

**TO:** City Council

**FROM:** Margarita F. Mendoza, Senior Administrative Analyst  
Melissa Stevenson Dile, Assistant City Manager

**VIA:** Daniel H. Rich, City Manager

**SUBJECT:** **Reaffirming Fiscal Year 2013-14 and 2014-15 City Council Major Goals and Projects**

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The purpose of this memorandum is to provide Council with information needed to reaffirm the Fiscal Year 2013-14 and Fiscal Year 2014-15 City Council Major Goals and provide staff with direction on any new projects to add to the Fiscal Year 2014-15 Council Major Goals Work Plan.

#### BACKGROUND

In April 2013, the City Council held a Study Session at which it adopted a two-year goal cycle and determined the following City Council Major Goals for Fiscal Year 2013-14 and Fiscal Year 2014-15:

1. Retain and improve green space and canopy.
2. Improve bicycle and pedestrian mobility.
3. Use technology to enhance customer service, efficiency, and advance the mission of the organization.

Following Council's adoption of the goals, Council advisory body input and City department input was solicited in order to identify specific projects to fulfill the Council's three theme-based goals. The resulting product, the Fiscal Year 2013-14 Council Major Goals Work Plan, identified 25 projects to achieve the Council's goals. Throughout the current fiscal year, much progress has been made toward completing projects in the Work Plan. As established by the City Council during the goal-setting

process, Council is asked now to review and reaffirm the major goals and projects as part of the Fiscal Year 2014-15 budget development.

## **DISCUSSION**

In a consistent approach with last year's goal-setting process, staff has conducted the three tasks described below to assess capacity for additional activities in the Fiscal Year 2014-15 Council Major Goals Work Plan.

### *Review of the Council Major Goals Work Plan*

In Fiscal Year 2013-14 (the first year of the two-year goal cycle), Council approved 25 projects to help achieve the three adopted goals. An update to this work plan was provided to the Council as an attachment to the Fiscal Year 2013-14 Midyear Budget Status Report discussed on February 11, 2014 (Exhibit A). Staff anticipates that at the end of the first year of the two-year goal cycle, 8 of the work plan projects will have been completed. The remaining 17 projects have work in progress and will continue to be tracked on the work plan throughout Fiscal Year 2014-15, the second year of the two-year goal cycle.

### *Council Advisory Body Input*

Each of the Council advisory bodies was asked for their input regarding specific projects/initiatives for Fiscal Year 2014-15 to fulfill the priority theme-based goals. A summary of the feedback provided by the advisory bodies is in Exhibit B.

### *Department Goals/Projects/Initiatives*

As part of the annual budget process, each department identifies major goals, projects, and initiatives for the upcoming fiscal year. The Fiscal Year 2014-15 draft lists were reviewed closely to identify departmental work that aligns with Council's three priority theme-based goals (Exhibit C). Based on input at the Narrative Budget Study Session, final department goals/projects/initiatives will be included in the Proposed Budget materials for Council approval.

Below is a listing of the completed work plan projects, continuing projects, and potential new projects as recommended by an advisory body or City department organized by major goal.



1. **Retain and Improve Green Space and Canopy**

*Current Work Plan Projects (in progress – 3 items)*

- Update the Urban Forestry Management Plan to assess the size, composition, condition, and needs of the urban forest and develop a plan for its improvement.
- Establish guidelines for tree preservation and planting in development projects with particular emphasis on canopy and habitat preservation.
- Begin to review the Park Land Dedication Ordinance as it relates to open space requirements in development projects.

*Potential New Projects*

- Look for opportunities to add garden space to existing open space (PRC).
- Look for opportunities to add off-leash dog parks to existing open space (PRC).
- Partnering with Mountain View Trees, offer tree walks and other information related to enhancing trees in Mountain View (Library).

2. **Improve Bicycle and Pedestrian Mobility**

*Fiscal Year 2013-14 Completed Work Plan Projects (4 items)*

- Design pedestrian access improvements at the NASA Ames Bayshore Light Rail Station.
- Design and install sidewalk improvements along Central Expressway, from Gemini Avenue to Moffett Boulevard (anticipated June 2014).
- Design and construct Permanente Creek Trail improvements from Old Middlefield Way to Rock Street.
- Evaluate the feasibility of extending the Permanente Creek Trail from Rock Street to West Middlefield Road.

*Current Work Plan Projects (in progress – 11 items)*

- Design Permanente Creek Trail crossings at Charleston Road and Amphitheatre Parkway.
- Modify Castro Street between El Camino Real and Miramonte Avenue.
- Implement the Safe Routes to School Education Program.
- Update the Bicycle Transportation Plan.
- Complete Shoreline Transit Corridor Feasibility Study.
- Study options to improve the bicycle and pedestrian environment along California Street and Escuela Avenue.
- Resurface segments of Rengstorff Avenue, Old Middlefield Way, and Charleston Road, and install new bike lanes on Charleston Road.
- Install new bicycle racks in downtown.
- Install pedestrian safety improvements at three South Shoreline Boulevard crosswalks.
- As time and resources permit, consider other bicycle and pedestrian mobility improvements that are low-cost and easily implementable.
- Assist in the creation of a transportation management association to primarily serve the Shoreline Community and East Whisman area.

*Potential New Projects*

- Initiate a green bike lane pilot project (HRC).
- Study greater access to bulk transit passes for residents (HRC).
- Study a City-wide community shuttle (HRC).
- Feasibility study of Caltrain corridor (PRC).

- Sidewalks on both sides of Central Expressway from Palo Alto to Sunnyvale (SAC).
- Implement “Library Bike Stop” grant from the Pacific Library Partnership, including a bike fix-it service station and bicycle-focused programming throughout the year (Library).
- Partner with Safe Moves programs to provide bicycle events and information (Library).

3. **Use Technology to Enhance Customer Service, Efficiency, and Advance the Mission of the Organization**

*Fiscal Year 2013-14 Completed Work Plan Projects (4 items)*

- Upgrade and enhance Library Technology Systems.
- Upgrade the point-of sale system for Shoreline Golf Links (May 2014).
- Study and implement parking technology improvements (June 2014).
- Implement an online budget transparency module.

*Current Work Plan Projects (in progress – 3 items)*

- Upgrade the Recreation registration and reservation system.
- Enhance online accessibility to public safety information and services through the increased use of online service portals to the public. These include, but are not limited to, online crime reporting, collision report requests, and information published on the Police Department website.
- Implement a predictive policing software tool.

*Potential New Projects*

- Make the City Council tentative agenda and agenda available and broadly accessible to the public (HRC).

- Utilize technology to help automate the public process for the business community, including, but not limited to, business licenses, planning, and building permits (Downtown Committee)
- Develop online document retrieval and reviewing system and conduct a security assessment as it pertains to electronic documents available to the public online (EPC).
- Implement wireless printing to enhance the new City WiFi and meet the increasing demand from customers who are bringing in laptops and mobile devices (Library).
- Procure and install “Way Finder” digital directional signage at City Hall (City Clerk, IT).
- Explore potential technology upgrades in the Council Chambers (City Clerk, IT).
- Implement a City-wide work order management system (IT).
- Commence implementation of an upgrade to the City’s Financial System (IFAS) (FASD, IT).
- Implement online time reporting and scheduling system (FASD, IT).
- Implement enterprise-wide electronic signature application (IT).
- Implement “Open Town Hall” application into City’s new website to encourage community input (IT).
- Launch a Code-for-America program to inspire community-driven programming (IT).

## **NEXT STEPS**

Based on Council’s discussion and direction, staff will refine the final list of projects and assess any Fiscal Year 2014-15 budget and staffing impacts. The final list of projects in the Fiscal Year 2014-15 Council Major Goals Work Plan and their corresponding budget

impacts will be included in the Fiscal Year 2014-15 Proposed Budget for Council's review and approval.

MFM-MSD/9/MGR  
610-04-29-14M-E

- Exhibits: A. Fiscal Year 2013-14 Council Major Goals Work Plan (January 2014 update)  
B. Advisory Body Input  
C. Draft Department Goals

**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

Exhibit A

Title & Description	Lead Dept. & (Cooperating Depts.)	Key Milestones	Date (per milestone) ( ) notes new date	Current Status Notes
<b><i>Retain and Improve Green Space and Canopy</i></b>				
1. Update the Urban Forestry Management Plan to assess the size, composition, condition, and needs of the urban forest and develop a plan for its improvement.	CSD	✓ Develop elements to be included in RFP.	✓ August 2013	Completed.
		✓ Receive input from the Urban Forestry Board.	✓ October 2013	Completed.
		✓ Develop/issue RFP.	✓ November 2013	Proposal deadline was January 9.
		• Award contract.	• January 2014	
		• Community outreach meetings (new milestone)	• April 2014	
		• Present draft Plan to Urban Forestry Board and Environmental Planning Commission (new milestone)	• June 2014	
		• Draft Plan to City Council in Study Session	• April 2014 (July 2014)	
		• Present final Plan to Council for adoption	• July 2014 (September/October 2014)	
2. Establish guidelines for tree preservation and planting in development projects with particular emphasis on canopy and habitat preservation. (incorporated within the scope of the Urban Forestry Management Plan – Goal #1)	CSD (CDD)	✓ Research other cities; guidelines.	✓ July 2013	Completed.
		✓ Develop elements to be included in RFP.	✓ August 2013	Completed.
		✓ Receive input from Urban Forestry Board.	✓ October 2013	Completed.
		✓ Develop/issue RFP.	✓ November 2013	Proposal deadline was January 9.
		• Community outreach meetings	• April 2014	
		• Present draft plan to Urban Forestry Board and Environmental Planning Commission	• June 2014	

**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

Title & Description	Lead Dept. & (Cooperating Depts.)	Key Milestones	Date (per milestone) ( ) notes new date	Current Status Notes
		<ul style="list-style-type: none"><li>Present draft plan to Council in Study Session</li></ul>	<ul style="list-style-type: none"><li>July 2014</li></ul>	
		<ul style="list-style-type: none"><li>Present final plan to Council for adoption.</li></ul>	<ul style="list-style-type: none"><li>September/ October 2014</li></ul>	
3. Begin to review the Park Land Dedication Ordinance as it relates to open space requirements in development projects.	CSD (CDD, CAO)	<ul style="list-style-type: none"><li>Research other cities’ guidelines.</li></ul>	<ul style="list-style-type: none"><li>December 2013 (March 2014)</li></ul>	Timeline was adjusted in order to coordinate work with the cities of Santa Clara and Sunnyvale who are currently working on a survey.
		<ul style="list-style-type: none"><li>Develop open space requirement options.</li></ul>	<ul style="list-style-type: none"><li>May 2014 (July 2014)</li></ul>	
		<ul style="list-style-type: none"><li>Review options with the PRC and EPC</li></ul>	<ul style="list-style-type: none"><li>May 2014 (September 2014)</li></ul>	
		<ul style="list-style-type: none"><li>Study Session with City Council.</li></ul>	<ul style="list-style-type: none"><li>September 2014 (November 2014)</li></ul>	
		<ul style="list-style-type: none"><li>Update the Park Land Dedication Ordinance.</li></ul>	<ul style="list-style-type: none"><li>December 2014 (March 2015)</li></ul>	
Improve Bicycle and Pedestrian Mobility				
4. Design Permanente Creek Trail crossings at Charleston Road and Amphitheatre Parkway. (CIP 14-38).	PWD	<ul style="list-style-type: none"><li>Execute Consultant Contract.</li></ul>	✓ September 2013 (December 2013)	Completed.

**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

Title & Description	Lead Dept. & (Cooperating Depts.)	Key Milestones	Date (per milestone) ( ) notes new date	Current Status Notes
		<ul style="list-style-type: none"><li>65% Design Submittal.</li></ul>	<ul style="list-style-type: none"><li>Spring 2014</li></ul>	Permanente Creek Trail crossing at Amphitheater Parkway is proceeding with design. Work on Charleston Road is temporarily on hold pending preliminary review of an alternative plan.
		<ul style="list-style-type: none"><li>Approve Plans and Specification/Bid Authorization.</li></ul>	<ul style="list-style-type: none"><li>Summer/Fall 2014</li></ul>	
		<ul style="list-style-type: none"><li>Begin Construction.</li></ul>	<ul style="list-style-type: none"><li>Early 2015</li></ul>	
		<ul style="list-style-type: none"><li>Finish Construction.</li></ul>	<ul style="list-style-type: none"><li>Summer 2015</li></ul>	
5. Modify Castro Street between El Camino Real and Miramonte Avenue. (CIP 14-36)	PWD	<ul style="list-style-type: none"><li>✓ Receive VERBS Grant Award.</li></ul>	<ul style="list-style-type: none"><li>✓ Summer 2013</li></ul>	Complete.
		<ul style="list-style-type: none"><li>✓ Start Design.</li></ul>	<ul style="list-style-type: none"><li>✓ Fall 2013</li></ul>	Complete.
		<ul style="list-style-type: none"><li>65% Design Submittal.</li></ul>	<ul style="list-style-type: none"><li>December 2013 (March 2014)</li></ul>	
		<ul style="list-style-type: none"><li>Approve Plans and Specifications/Bid Authorization.</li></ul>	<ul style="list-style-type: none"><li>Spring 2014 (Fall 2014)</li></ul>	



**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

<b>Title &amp; Description</b>	<b>Lead Dept. &amp; (Cooperating Depts.)</b>	<b>Key Milestones</b>	<b>Date (per milestone) ( ) notes new date</b>	<b>Current Status Notes</b>
		<ul style="list-style-type: none"> <li>• Begin Construction.</li> </ul>	<ul style="list-style-type: none"> <li>• Summer 2014 (Summer 2015)</li> </ul>	State officials have indicated that E76 grant funding will not be available until Summer 2015, postponing construction until that time.
		<ul style="list-style-type: none"> <li>• Finish Construction.</li> </ul>	<ul style="list-style-type: none"> <li>• Fall 2014 (Fall 2015)</li> </ul>	
<b>6. Implement the Safe Routes to School Education Program.</b>	PWD	<ul style="list-style-type: none"> <li>• Conduct bike rodeos at all schools (2 rodeos at each school per school year).</li> </ul>	<ul style="list-style-type: none"> <li>• September 2013 and ongoing through school year</li> </ul>	A second \$500,000 VERBS grant was awarded to the City to extend the current program until August, 2017.
		<ul style="list-style-type: none"> <li>• Present parent workshops at all schools (2 workshops at each school per school year).</li> </ul>	<ul style="list-style-type: none"> <li>• September 2013 and ongoing through school year</li> </ul>	
		<ul style="list-style-type: none"> <li>• Conduct student surveys at all schools (2 surveys at each school per school year).</li> </ul>	<ul style="list-style-type: none"> <li>• September 2013 and ongoing through school year</li> </ul>	
		<ul style="list-style-type: none"> <li>• Maintain travel logs.</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing</li> </ul>	
		<ul style="list-style-type: none"> <li>• Complete school route maps.</li> </ul>	<ul style="list-style-type: none"> <li>• December 2013 (February 2014)</li> </ul>	

**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

<b>Title &amp; Description</b>	<b>Lead Dept. &amp; (Cooperating Depts.)</b>	<b>Key Milestones</b>	<b>Date (per milestone) ( ) notes new date</b>	<b>Current Status Notes</b>
<b>7. Update the Bicycle Transportation Plan.</b>	PWD	✓ B/PAC input into RFP.	✓ October 2013	✓ Completed.
		• Council approval of consultant contract.	• February 2014	Item scheduled on February 25 Council agenda.
		• Existing conditions analysis.	• September 2014	
		• Draft goals, policies, and recommendations.	• December 2014	
		• Council Study Session.	• January / February 2015	
		• Release Draft Bike Plan.	• May 2015	
		• Public, B/PAC & CTC input.	• June 2015	
		• Council Study Session – Draft Final Plan.	• September 2015	
		• Begin CEQA process.	• December 2015	
		• Final Bike Plan – Council action	• February 2016	

**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

<b>Title &amp; Description</b>	<b>Lead Dept. &amp; (Cooperating Depts.)</b>	<b>Key Milestones</b>	<b>Date (per milestone) ( ) notes new date</b>	<b>Current Status Notes</b>
<b>8. Complete Shoreline Transit Corridor Feasibility Study.</b>	PWD	✓ Issue Request for Proposals (RFP).	✓ July 2013	Completed.
		✓ Award contract.	✓ September 2013	Council awarded contract on October 29, 2013.
		✓ Data collection and documentation of existing roadway, bike and pedestrian conditions; initial community outreach.	✓ December 2013 (February 2014)	First of several community workshops is scheduled for February 10, 2014. Project website has been activated ( <i>www.shorelinecorridor.com</i> )
		• Develop transit demand and conceptual operating plan for transit and shuttle service; coordinate planning with employers and VTA.	• December 2013 (February/March 2014)	
		• Identify conceptual corridor alternatives that address transit and bikes, including new bridge over Highway 101 and Transit Center improvements.	• January 2014 (April/May 2014)	
		• Public and B/PAC input	• Spring 2014	
		• Evaluate alternatives in draft report; additional community outreach.	• Spring 2014	
		• Council Study Session	• June 2014	

**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

Title & Description	Lead Dept. & (Cooperating Depts.)	Key Milestones	Date (per milestone) ( ) notes new date	Current Status Notes
		<ul style="list-style-type: none"> <li>Develop preferred alternative, including costs, phasing, and potential funding sources; community review of recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>Summer 2014</li> </ul>	
		<ul style="list-style-type: none"> <li>Prepare/present final report.</li> </ul>	<ul style="list-style-type: none"> <li>December 2014</li> </ul>	
9. Study options to improve the bicycle and pedestrian environment along California Street and Escuela Avenue (CIP 14-41).	PWD	<ul style="list-style-type: none"> <li>RFP/Selection Consultant.</li> </ul>	<ul style="list-style-type: none"> <li>December 2013 (Spring 2014)</li> </ul>	RFP preparation is underway.
		<ul style="list-style-type: none"> <li>Develop Public Outreach Process.</li> </ul>	<ul style="list-style-type: none"> <li>Spring 2014</li> </ul>	
		<ul style="list-style-type: none"> <li>Study Alternatives.</li> </ul>	<ul style="list-style-type: none"> <li>Summer 2014</li> </ul>	
		<ul style="list-style-type: none"> <li>Public Outreach, including B/PAC input</li> </ul>	<ul style="list-style-type: none"> <li>Fall 2014 / Winter 2015</li> </ul>	
		<ul style="list-style-type: none"> <li>Finalize Report.</li> </ul>	<ul style="list-style-type: none"> <li>Spring 2015</li> </ul>	
		<ul style="list-style-type: none"> <li>City Council Consideration of Final Study.</li> </ul>	<ul style="list-style-type: none"> <li>June 2015</li> </ul>	
10. Resurface segments of Rengstorff Avenue, Old Middlefield Way, and Charleston Road, and install new bike lanes on Charleston Road (CIP 14-37).	PWD	<ul style="list-style-type: none"> <li>✓ Confirm OBAG Grant Award.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Summer 2013</li> </ul>	Timeline was adjusted due to lengthy environmental clearance. MTC has updated the project completion time to Fall 2015.
		<ul style="list-style-type: none"> <li>✓ Start Design.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Fall 2013</li> </ul>	
		<ul style="list-style-type: none"> <li>65% Design Submittal.</li> </ul>	<ul style="list-style-type: none"> <li>December 2013 (Summer 2014)</li> </ul>	
		<ul style="list-style-type: none"> <li>Approve Plans and Specification/Bid Authorization.</li> </ul>	<ul style="list-style-type: none"> <li>Spring 2014 (Spring 2015)</li> </ul>	
		<ul style="list-style-type: none"> <li>Begin Construction.</li> </ul>	<ul style="list-style-type: none"> <li>Summer 2014</li> </ul>	
		<ul style="list-style-type: none"> <li>Finish Construction.</li> </ul>	<ul style="list-style-type: none"> <li>Fall 2014 (Fall 2015)</li> </ul>	

**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

<b>Title &amp; Description</b>	<b>Lead Dept. &amp; (Cooperating Depts.)</b>	<b>Key Milestones</b>	<b>Date (per milestone) ( ) notes new date</b>	<b>Current Status Notes</b>
<b>11. Design pedestrian access improvements at the NASA Ames Bayshore Light Rail Station. (CIP 14-39)</b>	PWD	✓ Finalize Feasibility Study.	✓ November 2013 (December 2013)	Staff presented preferred alternative to Council, on December 3, 2013. Council directed staff to explore relocating NASA-Ames Light Rail Station and consider other options for use of TOD funds. Meeting with VTA to be scheduled soon.

**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

Title & Description	Lead Dept. & (Cooperating Depts.)	Key Milestones	Date (per milestone) ( ) notes new date	Current Status Notes
12. Design and install sidewalk improvements along Central Expressway, from Gemini Avenue to Moffett Boulevard (CIP 11-44).	PWD	✓ 65% Design Submittal.	✓ July 2013	Design is complete.
		• Approve Plans and Specifications/Bid Authorization.	• October 2013 (February 2014)	Timeline has been adjusted due to design modifications to reduce the number of tree removals. Item scheduled for February 25 Council meeting.
		• Start Construction.	• January 2014 (April 2014)	
		• Finish Construction.	• April 2014 (June 2014)	
13. Design and construct Permanente Creek Trail improvements from Old Middlefield Way to Rock Street. (CIP 12-35)	PWD	✓ Plans and Specifications Approved.	✓ July 2, 2013	Complete.
		✓ Start Construction.	✓ September 2013	Complete.
		✓ Finish Construction.	✓ February 2014 (December 2013)	Construction was completed in December 2013. Trail is open.
14. Install new bicycle racks in downtown. (CIP 14-45)	PWD	✓ Field observation, data collection.	✓ May – August 2013	Completed.
		✓ Downtown Committee review/input	✓ September 2013	Completed.
		✓ B/PAC review/input	✓ November 2013	Completed

**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

<b>Title &amp; Description</b>	<b>Lead Dept. &amp; (Cooperating Depts.)</b>	<b>Key Milestones</b>	<b>Date (per milestone) ( ) notes new date</b>	<b>Current Status Notes</b>
		<ul style="list-style-type: none"> <li>• Release bid documents through purchasing</li> </ul>	<ul style="list-style-type: none"> <li>• February 2014</li> </ul>	
		<ul style="list-style-type: none"> <li>• Start Installation.</li> </ul>	<ul style="list-style-type: none"> <li>• March/ April2014</li> </ul>	Approximately 90 new/additional bike parking spaces will be provided throughout the Downtown area.
		<ul style="list-style-type: none"> <li>• Finish Installation.</li> </ul>	<ul style="list-style-type: none"> <li>• May 2014</li> </ul>	
<b>15. Evaluate the feasibility of extending the Permanente Creek Trail from Rock Street to West Middlefield Road. (CIP 09-36)</b>	PWD	✓ Feasibility Study	✓ May 2013	Complete.
		✓ Preferred Alignment requires MVW School District and SCVWD approval.	✓ Fall 2013	Item has been completed. The City Council and Mountain View-Whisman School District agreed on trail layout. The trail design is a proposed CIP - Permanente Creek Trail, Rock Street to W. Middlefield, 15-28

**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

<b>Title &amp; Description</b>	<b>Lead Dept. &amp; (Cooperating Depts.)</b>	<b>Key Milestones</b>	<b>Date (per milestone) ( ) notes new date</b>	<b>Current Status Notes</b>
<b>16. Install pedestrian safety improvements at three South Shoreline Boulevard crosswalks. (CIP 14-53)</b>	PWD	✓ Finalize scope of work.	✓ October 2013	Design is underway.
		✓ 65% Design Submittal.	✓ December 2013	
		• Approve Plans and Specifications/Bid Authorization.	• March 2014	
		• Start Construction.	• May 2014	
		• Finish Construction.	• Fall 2014	
<b>17. As time and resources permit, consider other bicycle and pedestrian mobility improvements that are low-cost and easily implementable. (CIP 14-40)</b>	PWD	• Review/analyze options	• TBD	Staff is reviewing and prioritizing options for expenditure of these funds.
<b>18. Assist in the creation of a Transportation Management Association to primarily serve the Shoreline Community and East Whisman area.</b>	CMO (CDD, PWD)	• Initial drafting of Bylaws and Management Plan by TMG Partners.	✓ Summer 2013	Complete.
		✓ Host kickoff meeting of Founding Members Hosted by City.	✓ July 17, 2013	Complete.
		• Update Memo to Council.	• October 2013 (February 2014)	Item scheduled for February 11 Council meeting.
		• TMA Operational.	• 2014	Four companies filed articles of incorporation to form a TMA on October 18, 2013.



**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

Title & Description	Lead Dept. & (Cooperating Depts.)	Key Milestones	Date (per milestone) ( ) notes new date	Current Status Notes
<b><i>Use Technology to Enhance Customer Service, Efficiency, and Advance the Mission of the Organization</i></b>				
<b>19. Upgrade the Recreation registration and reservation system.</b>	IT (CSD)	• Data base review/develop specs.	• July 2013 (March 2014)	Project delayed due to changes in CLASS software support. Staff has met with provider to change program to ActiveNet, a cloud-based system, used by several local agencies.
		• Receive quote.	• August 2013 (April 2014)	
		• Award contract.	• September 2013 (May 2014)	
		• Set up/installation.	• November 2013 (July 2014)	
		• Data conversion/testing.	• January 2014 (October 2014)	
		• Soft launch/full implementation.	• February 2014 (December 2014)	
<b>20. Upgrade and enhance Library technology systems.</b>	IT (LSD)	<b>Public Networked Printers:</b>		Migrating all printers to new print system.
		✓ Research and select desired printers.	✓ August 2013	
		✓ Begin public education.	✓ September 2013	
		✓ Replace existing printers with new printers.	• October 2013 (January 2014)	
		<b>Upgrade Library server and database software:</b>		The server and software that runs the library computer system and catalog were upgraded and
		✓ Begin planning process and determine time line.	✓ August 2013	
		✓ Database clean-up, data mapping, review of workflow, and software changes.	✓ November 2013	
		✓ Software configuration and database conversion.	✓ December 2013	

**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

<b>Title &amp; Description</b>	<b>Lead Dept. &amp; (Cooperating Depts.)</b>	<b>Key Milestones</b>	<b>Date (per milestone) ( ) notes new date</b>	<b>Current Status Notes</b>
		<ul style="list-style-type: none"> <li>• Migrate database, interfaces, user licenses.</li> <li>• Post implementation analysis and follow-up.</li> </ul>	<ul style="list-style-type: none"> <li>• January 2014</li> <li>• February 2014</li> </ul>	will continue over the next year, refreshing the Catalog interface, and replacing the server that runs the Encore catalog
<b>21. Upgrade the point-of-sale system for Shoreline Golf Links.</b>	IT (CSD)	✓ Complete procurement process.	✓ July 2013 (November 2013)	Performing technical and site audit, procuring hardware.
		✓ Award contract.	✓ September (December 2013)	
		✓ Determine hardware needs/procure.	✓ October 2013 (January 2014)	
		• Installation/ data conversion/ testing.	• January 2014 (March 2014)	
		• Customization.	• February 2014 (April 2014)	
		• Soft launch/ fully implement.	• April 2014 (May 2014)	
<b>22. Study and implement downtown parking technology improvements.</b>	CDD	✓ Develop scope for feasibility study.	✓ September (October 2013)	Complete.
		✓ Obtain input from Downtown Committee.	✓ November 2013	Complete.
		• Complete draft feasibility study.	• February 2014	Draft Technical Memorandum due to staff in January.

**FISCAL YEAR 2013-14 COUNCIL MAJOR GOALS WORK PLANS**  
**January 2014**

Title & Description	Lead Dept. & (Cooperating Depts.)	Key Milestones	Date (per milestone) ( ) notes new date	Current Status Notes
		<ul style="list-style-type: none"> <li>Review with Downtown Committee.</li> </ul>	<ul style="list-style-type: none"> <li>March 2014 (February 2014)</li> </ul>	
		<ul style="list-style-type: none"> <li>Council Study Session.</li> </ul>	<ul style="list-style-type: none"> <li>April 2014</li> </ul>	
		<ul style="list-style-type: none"> <li>Final feasibility study.</li> </ul>	<ul style="list-style-type: none"> <li>June 2014</li> </ul>	
<b>23. Implement an online budget transparency module.</b>	FASD/ CMO	✓ Negotiate Contract with Opengov.	✓ June 2013	System has been implemented and released.
		✓ Hold kickoff meeting and demonstration.	✓ June 2013	
		✓ Review account structure for presentation.	✓ July 2013	
		✓ Export Data from Financial System.	✓ August 2013	
		✓ Review data presentation.	✓ September 2013	
		✓ Go live.	✓ October 2013 (December 2013)	
<b>24. Implement a predictive policing software tool.</b>	PD	✓ Finalize agreement with vendor.	✓ July 2013	Data interface established. Finalizing process.
		✓ Complete procurement process.	✓ August 2013	
		✓ Create interface with RMS data.	✓ September 2013 (December 2013)	
		• Training and Implementation.	• October 2013 (February 2014)	
<b>25. Enhance online accessibility to public safety information and services.</b>	PD (IT)	✓ Update all contact information on website.	✓ August 2013	Completed.
		✓ Create new channels for public access.	✓ August 2013	Completed.
		✓ Promote social channels.	• Ongoing	Ongoing
		✓ Create phone tree to better inform public.	✓ September 2013	Completed.

**ADVISORY BODY INPUT ON WORK PLAN TO FULFILL  
FISCAL YEAR 2014-15 CITY COUNCIL MAJOR GOALS**

**Exhibit B**

Advisory Body	Input
Downtown Committee	<p>Goal: <u>Use Technology to Enhance Customer Service, Efficiency, and Advance the Mission of the Organization</u></p> <p>a. Utilize technology to help automate the public process for the business community, including, but not limited to, business licenses, planning, and building permits</p>
Environmental Planning Commission	<p>Goal: <u>Use Technology to Enhance Customer Service, Efficiency, and Advance the Mission of the Organization</u></p> <p>a. Develop online document retrieval and reviewing system and conduct a security assessment as it pertains to electronic documents available to the public online</p> <p><u>Additional Input</u> The EPC will keep in mind the Council goals to “Retain and Improve Green Space and Canopy” and “Improve Bicycle and Pedestrian Mobility” as the various Precise Plans are developed</p>
Human Relations Commission	<p>Goal: <u>Improve Bicycle and Pedestrian Mobility</u></p> <p>a. Initiate a green bike lane pilot project b. Study greater access to bulk transit passes for residents c. Study a City-wide community shuttle</p> <p>Goal: <u>Use Technology to Enhance Customer Service, Efficiency, and Advance the Mission of the Organization</u></p> <p>d. Make the City Council tentative agenda and agenda available and broadly accessible to the public</p>

Advisory Body	Input
Parks and Recreation Commission	<p>Recommendation to consider adding the following items:</p> <p>Goal: <u>Retain and Improve Green Space and Canopy</u></p> <ul style="list-style-type: none"> <li>a. Look for opportunities to add garden space to existing open space</li> <li>b. Look for opportunities to add off-leash dog parks to existing open space</li> </ul> <p>Goal: <u>Improve Bicycle and Pedestrian Mobility</u></p> <ul style="list-style-type: none"> <li>c. Feasibility study of Caltrain corridor</li> </ul>
Senior Advisory Committee	<p>Goal: <u>Improve Bicycle and Pedestrian Mobility</u></p> <p>Work Plan Item No. 12: <b>Design and install sidewalk improvements along Central Expressway from Gemini Avenue to Moffett Boulevard (CIP 11-44).</b></p> <ul style="list-style-type: none"> <li>a. The Committee would like to clarify that its Fiscal Year 2013-14 recommendation was to install sidewalks on both sides of Central Expressway from Palo Alto to Sunnyvale <ul style="list-style-type: none"> <li>• If this request falls under the jurisdiction of Santa Clara County, the Committee recommends that the City communicate with County officials to fulfill this request</li> </ul> </li> </ul> <p><u>Additional Input</u></p> <p>Recommendation to consider adding “Subsidized Housing for Seniors”</p>
Bicycle/Pedestrian Advisory Committee	Reaffirmed City Council Goals and Work Plan activities
Library Board	Reaffirmed City Council Goals and Work Plan activities

Advisory Body	Input
Performing Arts Committee	Reaffirmed City Council Goals and Work Plan activities
Visual Arts Committee	Reaffirmed City Council Goals and Work Plan activities
Youth Advisory Committee	Reaffirmed City Council Goals and Work Plan activities

CITY ATTORNEY'S OFFICE  
DEPARTMENT SUMMARY

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MAJOR DEPARTMENTAL GOALS/PROJECTS/INITIATIVES FOR  
FISCAL YEAR 2014-15

*(Items in **bold** are new goals tied to Fiscal Years 2013-14 and 2014-15 Major Council Goals)*

- **Review the Park Land Dedication Ordinance as it relates to open space requirements in development projects** in conjunction with the Community Development and Community Services Departments.
- Provide legal support to update Precise Plans to implement the General Plan.
- Provide legal support in the form of negotiating and/or drafting agreements related to City properties.

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**CITY CLERK'S OFFICE  
DEPARTMENT SUMMARY**

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**MAJOR DEPARTMENTAL GOALS/PROJECTS/INITIATIVES FOR  
FISCAL YEAR 2014-15**

*(Items in **bold italics** are new goals tied to Fiscal Years 2013-14 and 2014-15 Major Council Goals)*

- ***Procure and install "Wayfinder" digital directional signage at City Hall*** in conjunction with the Information Technology Department.
- ***Explore potential technology upgrades in the City Council Chambers*** in conjunction with the Information Technology Department.
- Conduct the November 4, 2014 City Council Candidate Election.
- Complete revisions to the City-wide Records Retention Schedule.
- Complete the digitizing of the microfilm/fiche records project.



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**CITY MANAGER'S OFFICE  
DEPARTMENT SUMMARY**

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MAJOR DEPARTMENTAL GOALS/PROJECTS/INITIATIVES FOR  
FISCAL YEAR 2014-15

*(Items in **bold** are tied to Fiscal Years 2013-14 and 2014-15 Major Council Goals)*

- **Assist with the creation of a Transportation Management Association to primarily serve the Shoreline Community and East Whisman area** in conjunction with the Community Development and Public Works Departments.
- Reassess public information program to explore options for enhanced effectiveness.
- Work with the Finance and Administrative Services Department and other departments on unmet capital needs project.
- Coordinate with other departments on Moffett Gateway development project.
- Prepare for and negotiate new labor agreements by June 30, 2015.
- Deploy an online employee benefits program.
- Assist in a review of the City's purchasing process.
- Review the recruitment process.

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## COMMUNITY DEVELOPMENT DEPARTMENT SUMMARY

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### MAJOR DEPARTMENTAL GOALS/PROJECTS/INITIATIVES FOR FISCAL YEAR 2014-15

*(Items in **bold** are tied to Fiscal Years 2013-14 and 2014-15 Major Council Goals)*

- **Establish guidelines for tree preservation and planting in development projects, with particular emphasis on canopy and habitat preservation** in conjunction with the Community Services Department.
- **Review the Park Land Dedication Ordinance as it relates to open space requirements in development projects** in conjunction with the City Attorney's Office and the Community Services Department.
- **Assist with the creation of a Transportation Management Association to primarily serve the Shoreline Community and East Whisman area** in conjunction with the City Manager's Office and the Public Works Department.
- **Study and implement downtown parking technology improvements.**
- Complete preparation of the El Camino Real, San Antonio, and North Bayshore Precise Plans.
- Begin preparation of the East Whisman Precise Plan.
- Complete the new Housing Element.
- Work with the City Manager's Office to initiate development of the Moffett Gateway site.
- Process Gatekeeper applications for final Council action.
- Continue to provide staff support for the two Notice of Funding Availability (NOFA) affordable housing projects.
- Explore options related to requiring rewiring of new buildings for electric vehicle chargers.
- Review the development review process.

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## COMMUNITY SERVICES DEPARTMENT SUMMARY

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### MAJOR DEPARTMENTAL GOALS/PROJECTS/INITIATIVES FOR FISCAL YEAR 2014-15

*(Items in **bold** are tied to Fiscal Years 2013-14 and 2014-15 Major Council Goals)*

- **Implement the first year's recommendations for the Urban Forestry Management Plan.**
- **Establish guidelines for tree preservation and planting in development projects, with particular emphasis on canopy and habitat preservation** in conjunction with the Community Development Department.
- **Assist in the review of the Park Land Dedication Ordinance as it relates to open space requirements in development projects** in conjunction with the Community Development Department and the City Attorney's Office.
- **Assist with the construction of Permanente Creek Trail crossings at Charleston Road and Amphitheatre Parkway** in conjunction with the Public Works Department.
- **Assist with the design of the extension of Permanente Creek Trail, from Rock Street to West Middlefield Road** in conjunction with the Public Works Department.
- **Implement a new Recreation registration and reservation system** in conjunction with the Information Technology Department.
- **Implement the new golf point-of-sale system to create efficiencies and better tracking of revenues and rounds of golf.**
- Implement the new SecondStage Home Company Program.
- Complete the renovations and improvements to cart paths at Shoreline Golf Links.
- Purchase and deploy a new fleet of 76 electric golf carts at Shoreline Golf Links.
- Implement new and amended City Council policies as approved by City Council: Sponsorships, Commercial Use of Parks, Athletic Field Use Policy, Special Event Policy, and Use of City Plazas.
- Continue to look for opportunities to increase usage of the City Hall Plaza through event programming and outdoor seating.
- Work with the community to develop and implement off-leash dog areas as directed by Council.
- Begin looking for sponsorship opportunities to help fund City-wide events.
- Complete a departmental reorganization that combines the Shoreline and Recreation Divisions and creates efficiencies among work groups.

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## COMMUNITY SERVICES DEPARTMENT SUMMARY

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- Begin community outreach process for the design of 771 North Rengstorff Avenue in conjunction with the Public Works Department.
- Assist with the construction of the Shoreline Sports Complex in conjunction with the Public Works Department.
- Work with the Mountain View Whisman School District on the Crittenden Field project as it relates to the upcoming Crittenden School master plan improvements in conjunction with the Public Works Department.
- Assist with the design of McKelvey Field renovations in conjunction with the Public Works Department and the Santa Clara Valley Water District.
- Assist with the development of Rengstorff Master Plan projects in conjunction with the Public Works Department.
- Complete construction of the new Teen Center in conjunction with the Public Works Department and begin teen programming; explore alternative uses for the current site.

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## FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT SUMMARY

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### MAJOR DEPARTMENTAL GOALS/PROJECTS/INITIATIVES FOR FISCAL YEAR 2014-15

(Items in ***bold italics*** are new goals tied to Fiscal Years 2013-14 and 2014-15 Major Council Goals)

- ***Commence implementation of an upgrade to the City's Financial System (IFAS) in conjunction with the Information Technology Department.***
- ***Implement online time reporting and scheduling system.***
- Continue to support capital project funding priorities for unmet capital needs in conjunction with the Public Works Department and the City Manager's Office.
- Support the City Manager's Office with preparation of and negotiations for new labor agreements by June 30, 2015.
- Support the Moffett Gateway development project.
- Monitor status of SB 7 Prevailing Wage legislation and implement procedures for compliance.
- Complete the Solid Waste Cost of Service Study.
- Coordinate a review of the City's purchasing process.

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## FIRE DEPARTMENT SUMMARY

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### MAJOR DEPARTMENTAL GOALS/PROJECTS/INITIATIVES FOR FISCAL YEAR 2014-15

- Complete a reassessment of the Multi-Family Housing Inspection Program to create operational efficiencies in program implementation.
- Develop a long-term trash load reduction plan and initiate efforts to reduce trash loading to local waterways, including planning for the installation of mechanical trash-capture systems.
- Continue to collaborate with the fire agencies within Santa Clara County to develop community-focused and sustainable initiatives that improve service quality, create operational efficiencies, eliminate redundancy, and leverage existing emergency response resources.
- Implement a comprehensive Fire Safety Risk Reduction Program for local elementary schools (Grades K-2) with a phased implementation over a two-year period.
- Ensure a proactive succession planning approach by conducting Firefighter recruitment and promotional processes, and provide company officers and acting officers' training.
- Conduct a feasibility study for consolidating Fire dispatch services.

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## INFORMATION TECHNOLOGY DEPARTMENT SUMMARY

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### MAJOR DEPARTMENTAL GOALS/PROJECTS/INITIATIVES FOR FISCAL YEAR 2014-15

(Items in ***bold italics*** are new goals tied to Fiscal Years 2013-14 and 2014-15 Major Council Goals)

- *Develop project to implement a modular-based, City-wide work order management system, including modules to support Urban Forestry, Fleet Services, Storm, Sewer, and Water operations.*
- *Support the implementation of an upgrade to the City's Financial System (IFAS) in conjunction with the Finance and Administrative Services Department.*
- *Support the implementation of online time reporting and scheduling system.*
- *Procure and install "Wayfinder" digital directional signage at City Hall in conjunction with the City Clerk's Office.*
- *Explore potential technology upgrades in the City Council Chambers in conjunction with the City Clerk's Office.*
- *Implement an enterprise-wide electronic signature application.*
- *Integrate the Open Town Hall application into the City's new website and work with the City Manager's Office to raise awareness of the product and encourage community input.*
- *Launch a community-driven Code-for-America program, enlisting local users to identify and develop applications for use by our citizens.*
- *Support the implementation of a new Recreation registration and reservation system in conjunction with the Community Services Department.*

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## LIBRARY SERVICES DEPARTMENT SUMMARY

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### MAJOR DEPARTMENTAL GOALS/PROJECTS/INITIATIVES FOR FISCAL YEAR 2014-15

(Items in ***bold italics*** are new goals tied to Fiscal Years 2013-14 and 2014-15 Major Council Goals)

- *Partnering with Mountain View Trees, offer Tree Walks and other information related to enhancing the trees in Mountain View.*
- *Implement "Library Bike Stop" grant from the Pacific Library Partnership, including a bike fix-it service station outside the Library and holding bicycle-focused programs throughout the year.*
- *Partner with the Safe Moves Program to provide bicycle events and information as part of both the Library Annual Summer Reading Program and throughout the year.*
- *Implement wireless printing to enhance the new City WiFi and meet the increasing demand from Library customers who are bringing in their laptops and other mobile devices.*
- *Implement Library Customer Satisfaction Survey to gather input on current services, future services, and compare with result from two years ago.*
- Improve the Library's physical presence to better meet changing community needs. Goals include expanding children's space, reducing noise, and expanding programming and public space.
- Assist the Public Works Department in the design phase of the project to enhance the Children's area.



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## POLICE DEPARTMENT SUMMARY

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### MAJOR DEPARTMENTAL GOALS/PROJECTS/INITIATIVES FOR FISCAL YEAR 2014-15

*(Items in **bold** are tied to Fiscal Years 2013-14 and 2014-15 Major Council Goals)*

- **Integrate predictive policing analysis into crime-reduction strategies.**
- **Enhance online accessibility to public safety information and services through the increased usage of online service portals to the public.**
- Complete the implementation of the records management system and compatible 9-1-1 console components of the public safety dispatch virtual consolidation.
- Provide comprehensive traffic safety education and enforcement activities to reduce fatal and injury collisions.
- In conjunction with the Fire Department, participate in a feasibility study for consolidating Fire dispatch services.
- Review and update performance measures.
- Continue to grow and increase community engagement through the department's social media channels.

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## PUBLIC WORKS DEPARTMENT SUMMARY

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### MAJOR DEPARTMENTAL GOALS/PROJECTS/INITIATIVES FOR FISCAL YEAR 2014-15

*(Items in **bold** are tied to Fiscal Years 2013-14 and 2014-15 Major Council Goals)*

- **Construct Permanente Creek Trail crossings at Charleston Road and Amphitheatre Parkway.**
- **Design the extension of Permanente Creek Trail from Rock Street to West Middlefield Road in conjunction with the Community Services Department.**
- **Modify Castro Street between El Camino Real and Miramonte Avenue.**
- **Continue the Safe Routes to School Education Program at local schools.**
- **Continue update of the Bicycle Transportation Plan.**
- **Complete the Shoreline Transit Corridor Feasibility Study.**
- **Study options to improve the bicycle and pedestrian environment along California Street and Escuela Avenue.**
- **Resurface segments of Rengstorff Avenue, Old Middlefield Way, and Charleston Road, and install new bike lanes on Charleston Road.**
- **Install pedestrian-safety improvements at three South Shoreline Boulevard crosswalks.**
- **As time and resources permit, consider other bicycle- and pedestrian-mobility improvements that are low-cost and easily implementable.**
- **Support the Community Development Department and the City Manager's Office with the creation of a Transportation Management Association.**
- **Begin construction of the Shoreline Sports Complex.**
- **Complete renovation of The View (Teen Center) property.**
- **Continue North Bayshore Area sanitary sewer salinity-reduction efforts.**
- **Continue to evaluate strategies to leverage City-owned properties (including downtown) and to acquire other properties to accomplish City objectives.**
- **Support the Community Development Department in the marketing and development of the Moffett Gateway site.**

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## PUBLIC WORKS DEPARTMENT SUMMARY

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- Provide support in the coordination of private development projects, including, but not limited to:
  - North Bayshore and South Whisman Area Developments
  - East Whisman
  - San Antonio Shopping Center
  - Charleston East
  - El Camino Real Developments
  - Downtown Developments
- Continue to monitor and participate in the Santa Clara Valley Water District's Permanente Creek flood protection project (including the McKelvey Park/Ball Field).
- Support the Community Services Department and Mountain View Whisman School District in the development of a master plan for the Crittenden Park/Whisman Sports Center site.
- Continue to monitor opportunities to expand the City's recycled water distribution system.
- Implement greenhouse gas (GHG) reduction strategies identified in Council-approved community-wide and government operations Climate Action Plans (CAPs).



## CITY OF MOUNTAIN VIEW

### MEMORANDUM

Finance and Administrative  
Services Department

**DATE:** April 29, 2014

**TO:** City Council

**FROM:** Helen Ansted, Principal Financial Analyst  
Patty J. Kong, Finance and Administrative Services Director

**VIA:** Daniel H. Rich, City Manager

**SUBJECT:** **Recommended Fee Modifications**

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#### **INTRODUCTION**

As part of the annual budget process, departments review their fees and prepare recommendations to modify current fees, add new required fees, and eliminate any unnecessary fees. If there are services provided that specifically benefit a particular segment of the population versus more global services that generally benefit the entire community, a fee may be calculated and recommended to Council to recover all or a portion of the cost of providing the service. The Master Fee Schedule, the complete listing of all City fees, will be updated to reflect Council actions on June 17, 2014 pertaining to fees, and then published for Fiscal Year 2014-15.

#### **BACKGROUND AND ANALYSIS**

Each fee recommended to be modified, added, or eliminated is listed on the attached Exhibits A through K detailing the current and recommended amounts, fee basis, and effective date. The fee recommendations are summarized below and if the fee is not a General Operating revenue source, the applicable fund is identified. This is not a complete listing of all City fees, only those that are recommended as new or to be modified in some manner.

#### **City-Wide (Exhibit A)**

The Council has previously authorized the Finance and Administrative Services Director to modify the janitorial fee in accordance with any changes in the janitorial contract. The change of janitorial services provider resulted in a revision to the hourly

rate and the minimum time period and is included with the recommendations for informational purposes.

A fee for information requested on a memory stick is recommended at the price the City pays for memory sticks.

### **City Attorney's Office (Exhibit B)**

#### **General Operating Fund**

The Code Compliance Inspection Fee has not been modified since 2009 and the Document Review for CC&Rs, Easements, and Other Documents Related to Permits, Licenses Fee is recommended to decrease, reflecting a change in the review process.

### **City Manager's Office (Exhibit C)**

#### **General Operating Fund**

Film/Photo Permits fees are recommended as the demand for this type of permit is growing and the permitting process utilizes staff resources.

### **Community Development Department (Exhibit D)**

#### **Housing Impact Fund**

The City Code and Resolution 17748 stipulate that Housing Impact fees and Rental Housing Impact fees, respectively, shall be increased by the annual June 30 Consumer Price Index (CPI) (rounded to the nearest dollar) as part of the City's annual budget process.

### **Community Services Department (Exhibit E)**

#### **General Operating Fund**

Center for the Performing Arts:

A minimum rental period of four hours is recommended to be added to the rental requirements for Café, Dressing Rooms/Green Rooms, Lobby, and Scene Shop/Storage. A cap of 10 hours is recommended to be established for the number of hours a fee can be assessed for Nonevent/Technical/Rehearsal rentals. MainStage weekend and weekday rental rates are recommended with a multi-year increase

rounded to the nearest \$25.00, and the fee for Nonevent/Additional Hours is no longer necessary and recommended to be eliminated.

#### Recreation:

The Friends of Deer Hollow Farm requested, and staff is recommending, a 20.0 percent increase to school-year classes in order to be more consistent with other environmental education school programs.

Teen Dance fees are recommended with a reduction in an effort to increase participation. The Teen Center is anticipated to open in August 2014 and staff is recommending rental rates for daytime hours and when the Teen Center is not open to teens.

#### Shoreline Golf Links Fund

A new Frequent Player Fee for Seniors Annual Family (Monday-Friday) is recommended and the existing Frequent Player fees are recommended with a 3.0 percent increase.

The monthly independent contractor rate for providing lessons is recommended to increase to \$600.00 for April through October. The monthly rate for lessons provided November through March is recommended to remain at \$500.00.

Member Club day rates for Seniors, Women, and Shoreline Club are recommended with a \$1.00 increase and golf cart rental is recommended to increase \$2.00.

The recommended rate increases were presented to and approved by the Advisory Greens Committee in December 2013.

#### Shoreline at Mountain View

#### Rengstorff House Rental:

The cancellation fees are recommended with a change to a tiered structure, similar to other City facility rentals and a Processing Fee is recommended at the same level as currently utilized in Recreation. The Cleaning Services Fee is recommended to be tied to the City janitorial contract similar to other City Cleaning Service fees and to be set with a two-hour minimum.

## **Fire Department (Exhibit F)**

### **General Operating Fund**

#### Fire and Building Safety:

All the fees listed are recommended to increase by the June 30, 2013 CPI, rounded to the nearest dollar.

### **Wastewater**

#### Environmental Safety:

The Wastewater Sampling fees were last increased in 2008 and 2009 and are recommended to reflect increased staff costs.

The remainder of the Fire and Building Safety fees are recommended with the June 30, 2013 CPI increase.

## **Library Services (Exhibit G)**

### **General Operating Fund**

The black-and-white duplex printing and copying fee is recommended to increase and a new color duplex fee is recommended to be established.

## **Police Department (Exhibit H)**

### **General Operating Fund**

Adult Entertainment, Card Room, and Taxi Driver Permit fees are recommended with a CPI increase. Clearance Letter fees were increased from \$12.00 to \$40.00 in 2010 and requests dropped significantly. The department has since modified the process and is recommending offering two types of Clearance Letter services at amounts less than currently charged.

## **Public Works Department (Exhibit I)**

### **General Operating Fund**

The Sidewalk and Street Improvement permits are recommended to increase by the December 2013 Engineering News Record (ENR) construction index of 2.7 percent.

The remaining General Operating Fund fees are recommended with the annual cost of living adjustment (COLA) or CPI increase as applicable.

### **Storm Drain Construction**

Storm Drainage Connection fees are recommended to increase by the December 2013 ENR construction index.

### **Water, Wastewater, and Solid Waste Management Funds**

Existing Facilities Connection fees (Water and Wastewater Funds) are recommended to increase by the December 2013 ENR construction index.

#### Utility Services:

Utility rates are detailed on Exhibit J and include the following recommended rate increases:

Water — 7.0 percent

Wastewater — 4.0 percent

Solid Waste Management — 1.0 percent for bins and 3.0 percent for carts, debris boxes, and compactors



## CONCLUSION

Departments have reviewed their fees and recommend the new, modified, or eliminated fees discussed in this memo and detailed on Exhibits A through K. As part of the budget noticing process, the City will comply with all noticing requirements which apply to fees.

HA-PJK/7/BUD  
530-04-29-14M-E

- Exhibits:
- A. Fee Schedule – City-Wide
  - B. Fee Schedule – City Attorney’s Office
  - C. Fee Schedule – City Manager’s Office
  - D. Fee Schedule – Community Development
  - E. Fee Schedule – Community Services
  - F. Fee Schedule – Fire
  - G. Fee Schedule – Library Services
  - H. Fee Schedule – Police
  - I. Fee Schedule – Public Works
  - J. Fee Schedule – Utility Services
  - K. Fee Schedule – End Notes

# FEE SCHEDULE – CITY-WIDE

# Exhibit A

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Janitorial Services	\$27.57 (2 hour min)	\$17.04 (4 hour min)	Hour	7/1/14
		Memory Sticks <sup>(1)</sup>	N/A	\$7.45	Fixed	7/1/14

**FEE SCHEDULE – CITY ATTORNEY’S OFFICE**

**Exhibit B**

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Code Compliance Inspection	\$77.00	\$91.00	Hour (4-Hour Min)	7/1/14
		Developer Agreement	\$156.00	\$157.00	Hour	7/1/14
	36.54.30	Document Review for CC&Rs, Easements, and Other Documents Related to Permits, Licenses, etc.: Uniform Product/Use	\$335.00	\$318.00	Initial 2.5 Hours	8/17/14
	36.54.30	Mixed Product/Use	\$671.00	\$636.00	Initial 5 Hours	8/17/14
	36.54.30	Additional Review	\$134.00	\$127.00	Hour	8/17/14
	5.34	Vicious Animal Permit <sup>(2)</sup>	\$150.00	Eliminate		7/1/14
	5.34	Vicious Animal Late Permit <sup>(2)</sup>	\$150.00	Eliminate		7/1/14

**FEE SCHEDULE – CITY MANAGER’S OFFICE**
**Exhibit C**

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	N/A	Film/Photo Permit <sup>(1)</sup>				
		Nonprofit/Student/Still Photography (low impact)	N/A	No Fee		7/1/14
		Still Photography (high impact) <sup>(3)</sup>	N/A	\$125.00	Daily	7/1/14
		Commercial/Corporate/Short/ Web <sup>(3)</sup>	N/A	\$250.00	Daily	7/1/14
		Feature Film/Documentary <sup>(3)</sup>	N/A	\$350.00	Daily	7/1/14

**FEE SCHEDULE – COMMUNITY DEVELOPMENT DEPARTMENT**
**Exhibit D**

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Housing Impact:				
	36.91.b.2	Office/High-Tech Industrial:				
		First 10,000 square feet	\$5.00	\$5.13	Square Foot	8/17/14
	36.91.b.2	10,000+ square feet	\$10.00	\$10.26	Square Foot	8/17/14
		Hotel/Retail/Commercial/ Entertainment				
	36.91.b.2	First 25,000 square feet	\$1.27	\$1.30	Square Foot	8/17/14
	36.91.b.2	25,000+ square feet	\$2.53	\$2.60	Square Foot	8/17/14
	Resolution 17748	Rental Housing Impact	\$10.00	\$10.26	Habitable Square Foot	8/17/14

FEE SCHEDULE – COMMUNITY SERVICES DEPARTMENT

Exhibit E

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		<u>CENTER FOR THE PERFORMING ARTS</u>				
		<u>Home Company</u>				
	38.101	Café	\$45.00	\$45.00 <sup>(4)</sup>	Hour	7/1/14
	38.101	Dressing Rooms/Green Rooms	\$15.00	\$15.00 <sup>(4)</sup>	Hour	7/1/14
	38.101	Lobby	\$60.00	\$60.00 <sup>(4)</sup>	Hour	7/1/14
		MainStage:				
		Weekend				
	38.101	8 Hours/1 Ticketed Performance <sup>(3)</sup>	\$875.00 or % of gross	\$925.00 or % of gross	Event	7/1/14
	38.101	8 Hours/1 Nonticketed Performance <sup>(3)</sup>	\$1,475.00 (incl. \$600.00 FUF)	\$1,525.00 (incl. \$600.00 FUF)	Event	7/1/14
	38.101	Nonevent/ Additional Hours	\$75.00	Eliminate		7/1/14
	38.101	Nonevent/Technical/Rehearsal <sup>(5)</sup>	\$75.00	\$75.00	Hour (10-hour cap)	7/1/14
		Weekday				
	38.101	8 Hours/1 Ticketed Performance <sup>(3)</sup>	\$575.00 or % of gross	\$600.00 or % of gross	Event	7/1/14
	38.101	8 Hours/1 Nonticketed Performance <sup>(3)</sup>	\$1,175.00 (incl. \$600.00 FUF)	\$1,200.00 (incl. \$600.00 FUF)	Event	7/1/14
	38.101	Nonevent/ Additional Hours	\$75.00	Eliminate		7/1/14
	38.101	Nonevent/Technical/Rehearsal <sup>(4)(5)</sup>	\$75.00	\$75.00	Hour (10-hour cap)	7/1/14
		ParkStage:				
	38.101	Nonevent/ Additional Hours	\$19.00	Eliminate		7/1/14
	38.101	Nonevent/Technical/Rehearsal (weekday and weekend) <sup>(4)(5)</sup>	\$19.00	\$19.00	Hour	7/1/14
	38.101	Scene Shop/Storage	\$45.00	\$45.00 <sup>(4)</sup>	Hour	7/1/14
		SecondStage:				
	38.101	Nonevent/ Additional Hours	\$19.00	Eliminate		7/1/14
	38.101	Nonevent/Technical/Rehearsal (weekday and weekend) <sup>(4)(5)</sup>	\$19.00	\$19.00	Hour	7/1/14

# FEE SCHEDULE – COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		<u>All Nonprofits</u>				
	38.101	Café	\$45.00	\$45.00 <sup>(4)</sup>	Hour	7/1/14
	38.101	Dressing Rooms/Green Rooms	\$15.00	\$15.00 <sup>(4)</sup>	Hour	7/1/14
	38.101	Lobby	\$60.00	\$60.00 <sup>(4)</sup>	Hour	7/1/14
		MainStage:				
		Weekend				
	38.101	8 Hours/1 Ticketed Performance <sup>(3)</sup>	\$1,500.00 or 5%-20% of gross	\$1,575.00 or 5%-20% of gross	Event	7/1/14
	38.101	8 Hours/1 Nonticketed Performance <sup>(3)</sup>	\$2,100.00 (inc \$600.00 FUF)	\$2,175.00 (inc \$600.00 FUF)	Event	7/1/14
	38.101	Event/ Additional Hours	\$150.00	\$155.00	Hour	7/1/14
	38.101	Nonevent/ Additional Hours	\$150.00	Eliminate		7/1/14
	38.101	Nonevent/ Technical/ Rehearsal <sup>(4)(5)</sup>	\$150.00	\$155.00	Hour (10-hour cap)	7/1/14
		Weekday				
	38.101	8 Hours/1 Ticketed Performance <sup>(3)</sup>	\$1,200.00 or 5%-20% of gross	\$1,275.00 or 5%-20% of gross	Event	7/1/14
	38.101	8 Hours/1 Nonticketed Performance <sup>(3)</sup>	\$1,800.00 (inc \$600.00 FUF)	\$1,875.00 (inc \$600.00 FUF)	Event	7/1/14
	38.101	Event/ Additional Hours	\$120.00	\$125.00	Hour	7/1/14
	38.101	Nonevent/ Additional Hours	\$120.00	Eliminate		7/1/14
	38.101	Nonevent/ Technical/ Rehearsal <sup>(4)(5)</sup>	\$120.00	\$125.00	Hour (10-hour cap)	7/1/14
		ParkStage:				
	38.101	Nonevent/ Additional Hours	\$40.00	Eliminate		7/1/14
	38.101	Scene Shop/Storage	\$45.00	\$45.00 <sup>(4)</sup>	Hour	7/1/14
		SecondStage:				
	38.101	Nonevent/ Additional Hours	\$40.00	Eliminate		7/1/14
	38.101	Nonevent/ Technical/ Rehearsal <sup>(4)(5)</sup>	\$40.00	40.00	Hour	7/1/14

# FEE SCHEDULE – COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	38.101	<u>All Commercial</u> Café	\$80.00	\$80.00 <sup>(4)</sup>	Hour	7/1/14
	38.101	Dressing Rooms/Green Rooms	\$35.00	\$35.00 <sup>(4)</sup>	Hour	7/1/14
	38.101	Lobby	\$165.00	\$165.00 <sup>(4)</sup>	Hour	7/1/14
	38.101	Lobby (if Stage also rented)	\$125.00	\$125.00 <sup>(4)</sup>	Hour	7/1/14
	38.101	MainStage: 8 Hours/1 Ticketed Performance <sup>(3)</sup>	\$1,725.00 + 15%-50% of gross	\$1,825.00 + 15%-50% of gross	Event	7/1/14
	38.101	8 Hours/1 Nonticketed Performance <sup>(3)</sup>	\$2,700.00 (inc \$1,000.00 FUF)	\$2,825.00 (inc \$1,000.00 FUF)	Event	7/1/14
	38.101	Event/ Additional Hours	\$170.00	\$180.00	Hour	7/1/14
	38.101	Nonevent/ Additional Hours	\$170.00	Eliminate		7/1/14
	38.101	Nonevent/Technical/ Rehearsal <sup>(4)(5)</sup>	\$170.00	\$180.00	Hour (10-hour cap)	7/1/14
	38.101	ParkStage: Nonevent/ Additional Hours	\$90.00	Eliminate		7/1/14
	38.101	Nonevent/Technical/ Rehearsal <sup>(4)(5)</sup>	\$90.00	\$90.00	Hour	7/1/14
	38.101	Scene Shop/Storage	\$80.00	\$80.00 <sup>(4)</sup>	Hour	7/1/14
	38.101	Second Stage: Nonevent/ Additional Hours	\$90.00	Eliminate		7/1/14
	38.101	Nonevent/Technical/ Rehearsal <sup>(4)(5)</sup>	\$90.00	\$90.00	Hour	7/1/14
	38.100	Piano Use: First Five Uses (including initial tuning)	\$150.00	\$165.00	Arrangement	7/1/14
	38.100	Additional Piano Use (>/=6 uses)	\$30.00	\$33.00	Performance and/or Rehearsal	7/1/14
		<b><u>RECREATION</u></b>				
	38.11	Deer Hollow Farm: School Year Classes MV Public Schools	\$23.00	\$28.00	Hour	7/1/14
	38.11	S.C. Co. and MROSD Schools	\$46.00	\$55.00	Hour	7/1/14
	38.11	S.C. Co. or MROSD Schools	\$69.00	\$83.00	Hour	7/1/14
	38.11	All Other Schools	\$95.00	\$114.00	Hour	7/1/14



# FEE SCHEDULE – COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	38.11	Dances:				
	38.11	Teen House Member	\$3.00	Eliminate		7/1/14
	38.11	Teen (Advance)	\$5.00	\$3.00	Event	7/1/14
	38.11	Teen (at Door)	\$8.00	\$5.00	Event	7/1/14
		Facility Rental				
		Teen Center – Multi-purpose Room				
		MV Business/Resident				
	38.11	Security Deposit <sup>(1)</sup>	N/A	\$560.00	Fixed	7/1/14
	38.11	Off Peak <sup>(1)</sup>	N/A	\$114.00	Hour	7/1/14
	38.11	Peak <sup>(1)</sup>	N/A	\$120.00	Hour	7/1/14
		Nonprofit/Community				
	38.11	Security Deposit – Peak <sup>(1)</sup>	N/A	\$560.00	Fixed	7/1/14
	38.11	Off Peak <sup>(1)</sup>	N/A	\$5.00	Hour	7/1/14
	38.11	Peak <sup>(1)</sup>	N/A	\$69.00	Hour	7/1/14
		MV Nonprofit – Fundraising				
		Group (one time/year)				
	38.11	Security Deposit <sup>(1)</sup>	N/A	\$560.00	Fixed	7/1/14
	38.11	Building Attendant <sup>(1)</sup>	N/A	\$20.00	Hour	7/1/14
		Nonresident				
	38.11	Security Deposit <sup>(1)</sup>	N/A	\$560.00	Fixed	7/1/14
	38.11	Off Peak <sup>(1)</sup>	N/A	\$182.00	Hour	7/1/14
	38.11	Peak <sup>(1)</sup>	N/A	\$197.00	Hour	7/1/14
	38.11	Snack Sales <sup>(1)</sup>	N/A	Variable	Cost Recovery	7/1/14
		<b><u>SHORELINE GOLF LINKS</u></b>				
		Frequent Player:				
	38.11	Regular Play (Annual)	\$2,388.00	\$2,460.00	Fixed	7/1/14
	38.11	Regular Play (Annual Family)	\$3,588.00	\$3,696.00	Fixed	7/1/14
	38.11	Regular (M-F/ Annual)	\$1,548.00	\$1,595.00	Fixed	7/1/14
	38.11	Regular (M-F/ Annual Family)	\$2,028.00	\$2,089.00	Fixed	7/1/14
	38.11	Seniors (M-F/ Annual)	\$1,188.00	\$1,224.00	Fixed	7/1/14
	38.11	Seniors (M-F/ Annual Family) <sup>(1)(6)</sup>	N/A	\$1,775.00	Fixed	7/1/14
	38.11	Juniors (Annual)	\$348.00	\$359.00	Fixed	7/1/14
	38.11	Twilight (Annual)	\$948.00	\$976.00	Fixed	7/1/14
	38.11	Twilight (Annual Family)	\$1,548.00	\$1,595.00	Fixed	7/1/14

# FEE SCHEDULE – COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	38.11	Lessons: Contract Instructor November – March	\$500.00 (minimum; City Manager or FASD provided authority to modify minimum as appropriate)	\$500.00 (minimum; City Manager or FASD provided authority to modify minimum as appropriate)	Month (as established in individual contract)	7/1/14
	38.11	April – October <sup>(1)</sup>	N/A	\$600.00 (minimum; City Manager or FASD provided authority to modify minimum as appropriate)	Month (as established in individual contract)	7/1/14
	38.11	NCGA/PWGA Member Club Play: Day Rates				
	38.11	Shoreline Seniors	Up to \$24.00	Up to \$25.00	Fixed	7/1/14
	38.11	Shoreline Women	Up to \$24.00	Up to \$25.00	Fixed	7/1/14
	38.11	Shoreline Golf Club	Up to \$44.00	Up to \$45.00	Fixed	7/1/14
	38.11	Powered Golf Car: 18 holes	\$26.00	\$28.00	Day	7/1/14
		<b><u>SHORELINE at MOUNTAIN VIEW</u></b>				
		Rengstorff House Rental: Cancellation Fee: Monday-Thursday				
	38.11	Within 1 Month <sup>(1)</sup>	N/A	50% of rental fee	Fixed	7/1/14
	38.11	Within 3 Months <sup>(1)</sup>	N/A	25% of rental fee	Fixed	7/1/14
	38.11	Within 9 Months <sup>(1)</sup>	N/A	10% of rental fee	Fixed	7/1/14
		Friday-Sunday, Holidays				
	38.11	Within 3 Months <sup>(1)</sup>	N/A	50% of rental fee	Fixed	7/1/14
	38.11	Within 6 Months <sup>(1)</sup>	N/A	25% of rental fee	Fixed	7/1/14
	38.11	Within 9 Months <sup>(1)</sup>	N/A	10% of rental fee	Fixed	7/1/14
	38.11	Cleaning Service	\$25.00	\$30.00 (2 hour min)	Hour	7/1/14
	38.11	Processing Fee: Refunds/Transfers/Contract Amendments, etc. <sup>(1)</sup>	N/A	\$10.00	Transaction	7/1/14

## FEE SCHEDULE – COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Rental Rates				
	38.11	Meeting (M-Th) (dining room only) – Resident	\$150.00	\$150.00	1/2 Day	7/1/14
	38.11	Meeting (M-Th) (dining room only) – Nonresident	\$150.00	\$188.00	1/2 Day	7/1/14
	38.11	Party (M-Th) – Resident	\$125.00	\$125.00	Hour	7/1/14
	38.11	Party (M-Th) – Nonresident	\$125.00	\$156.00	Hour	7/1/14
	38.11	Weekend (Fri-Sun, Holidays) (dining room) – Resident	\$200.00	\$200.00	Hour	7/1/14
	38.11	Weekend (Fri-Sun, Holidays) – Nonresident	\$200.00	\$250.00	Hour	7/1/14
	38.11	Weekend (Fri-Sun, Holidays) Special 8-Hour Rate – Resident	\$1,400.00	\$1,400.00	8-Hour Weekend	7/1/14
	38.11	Weekend (Fri-Sun, Holidays) Special 8-Hour Rate – Nonresident	\$1,400.00	\$1,750.00	8-Hour Weekend	7/1/14
	38.11	Security Deposit	\$450.00	\$560.00	Fixed	7/1/14

**FEE SCHEDULE – FIRE DEPARTMENT**

**Exhibit F**

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
CFC 105		<b><u>ENVIRONMENTAL SAFETY</u></b>				
	24	Electronic/Computer Entry of Hazardous Materials Management Plan Data	\$83.00 (1-Hour Minimum)	\$87.00 (1-Hour Minimum)	Hour	7/1/14
		File Review	\$36.00	Eliminate		7/1/14
	14	Fire Safety Permits: Hazardous Materials Permitted Occupancy	\$187.00	\$192.00	Annual	7/1/14
	24	Fire Safety Facility Inspection: 0-5,000	\$29.00	\$30.00	Square Foot	7/1/14
	24	5,001-25,000	\$175.00	\$180.00	Square Foot	7/1/14
	24	25,001-100,000	\$726.00	\$745.00	Square Foot	7/1/14
	24	100,001-250,000	\$2,032.00	\$2,085.00	Square Foot	7/1/14
	24	250,001-500,000	\$4,355.00	\$4,468.00	Square Foot	7/1/14
	24	500,001+	\$5,805.00	\$5,956.00	Square Foot	7/1/14
	24	Hazardous Materials: Emergency Response (Hazardous Materials Specialist)	\$98.00 Plus equip- ment costs	\$101.00 Plus equip- ment costs	Hour	7/1/14
	24	Hazardous Materials Third and Subsequent Reinspection(s)	\$321.00	\$329.00	Hour	7/1/14
	24	Plan Check or Plan Review/Inspection	\$98.00	\$101.00	Hour	7/1/14
	24	Hazardous Materials Facility Closure Review/Inspection >2 Hours	\$95.00	\$97.00	Hour	7/1/14
		Hazardous Materials Permit for the following hazard classes: Miscellaneous Hazardous Materials – Liquids, Solids)				
	24	QR1	\$116.00	\$119.00	Annual	7/1/14
	24	QR2	\$144.00	\$147.00	Annual	7/1/14
	24	QR3	\$175.00	\$180.00	Annual	7/1/14
	24	QR4	\$203.00	\$208.00	Annual	7/1/14
	24	QR5	\$232.00	\$238.00	Annual	7/1/14

# FEE SCHEDULE – FIRE DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Combustible Liquids, Flammable (Liquids, Solids), and Nonflammable (Gas)				
	24	QR1	\$116.00	\$119.00	Annual	7/1/14
	24	QR2	\$175.00	\$180.00	Annual	7/1/14
	24	QR3	\$232.00	\$238.00	Annual	7/1/14
	24	QR4	\$291.00	\$299.00	Annual	7/1/14
	24	QR5	\$348.00	\$357.00	Annual	7/1/14
		Corrosive (Gas, Liquids, Solids), Cryogen, Flammable (Gas), Explosives, Infectious Substances, and Oxidizers (Gas, Liquids, Solids)				
	24	QR1	\$116.00	\$119.00	Annual	7/1/14
	24	QR2	\$232.00	\$238.00	Annual	7/1/14
	24	QR3	\$348.00	\$357.00	Annual	7/1/14
	24	QR4	\$406.00	\$417.00	Annual	7/1/14
	24	QR5	\$464.00	\$476.00	Annual	7/1/14
		Poisonous Materials (Gas, Liquids, Solids), Spontaneous Combustible Materials, Dangerous When Wet Materials (Liquids, Solids), and Organic Peroxides				
	24	QR1	\$116.00	\$119.00	Annual	7/1/14
	24	QR2	\$232.00	\$238.00	Annual	7/1/14
	24	QR3	\$348.00	\$357.00	Annual	7/1/14
	24	QR4	\$464.00	\$476.00	Annual	7/1/14
	24	QR5	\$581.00	\$596.00	Annual	7/1/14
	24	Radioactive QR1-QR5	\$144.00	\$148.00	Annual	7/1/14
		Underground Storage Tank Closure/Demolition:				
	24	First Tank (2-Hour max)	\$205.00	\$210.00	Fixed	7/1/14
	24	First Tank Add'l Hours >2 Hours	\$102.00	\$105.00	Hour	7/1/14
	24	Each Add'l Tank (1-Hour each max)	\$102.00	\$105.00	Hour	7/1/14
	24	Each Add'l Tank >2 Hours	\$102.00	\$105.00	Hour	7/1/14
		Wastewater Sampling (pass-through from contract):				
	35.32.13	1 Metal	\$105.00	\$112.00	Fixed to Contract	7/1/14
	35.32.13	2 Metals	\$122.00	\$128.00	Fixed to Contract	7/1/14
	35.32.13	3 Metals	\$139.00	\$145.00	Fixed to Contract	7/1/14

# FEE SCHEDULE – FIRE DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	35.32.13	4 Metals	\$156.00	\$161.00	Fixed to Contract	7/1/14
	35.32.13	Fluoride	\$110.00	\$121.00	Fixed to Contract	7/1/14
	35.32.13	Total Fecal Coliform	\$326.00 (minimum 3 samples)	\$250.00 (minimum 3 samples)	Fixed to Contract	7/1/14
	35.32.13	24-Hour Composite Sample	\$76.50 (each additional sample >3)	\$51.50 (each additional sample >3)	Fixed to Contract	7/1/14
			\$245.00	\$247.00	Fixed to Contract	7/1/14
		<b><u>FIRE AND BUILDING SAFETY</u></b>				
	14	Alarm (Preventable False)	\$134.00	\$137.00	3rd and Subsequent Alarm/180 Days	7/1/14
CFC 105	14	Fire Inspections (Temporary Permits)	\$158.00	\$162.00	Hour	7/1/14
CFC 105	14	Fire Safety Permits: Fire Prevention Bureau (Nonhazardous Materials Permitted Occupancy)	\$158.00	\$162.00	Annual	7/1/14
CFC 105	14	Reinspections	\$158.00	\$162.00	Annual	7/1/14
	14	Multi-Housing: Motels and Hotels	\$74.00 (\$148.00 min.)	\$76.00 (\$152.00 min.)	Hour	7/1/14
	14	Reinspections: Multi-Housing	\$94.00 (\$188.00 min.)	\$96.00 (\$192.00 min.)	Hour	7/1/14
	14	Hotels and Motels	\$94.00 (\$188.00 min.)	\$96.00 (\$192.00 min.)	Hour	7/1/14
	14	Valid Service Request	\$75.00	\$77.00 (\$154.00 min.)	Hour	7/1/14
		<b><u>SUPPRESSION</u></b>				
53150 13009.6		Public Safety Social Media/ Community Coordinator	\$126.00 (1/2-Hour increments)	\$129.00 (1/2-Hour increments)	Hour	7/1/14

# FEE SCHEDULE – LIBRARY SERVICES

Exhibit G

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Copies and Prints: (8.5"x11")				
	CPB-3	Black and White Duplex	\$0.20	\$0.25	Duplex Page	7/1/14
	CPB-3	Color Duplex <sup>(1)</sup>	N/A	\$0.40	Duplex Page	7/1/14

# FEE SCHEDULE – POLICE DEPARTMENT

Exhibit H

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	26.54	Adult Entertainment:				
	26.54	Adult Entertainment Application	\$725.00	\$740.00	Initial	7/1/14
	26.54	Adult Entertainment Renewal	\$350.00	\$355.00	Annual	7/1/14
	9.4	Card Rooms:				
	9.14	Permit Application	\$1,000.00	\$1,025.00	Initial	7/1/14
	9.14	Dealer Application	\$250.00	\$255.00	Biennial	7/1/14
		Clearance Letters:				
		Letter	\$40.00	\$19.00	Fixed	7/1/14
		Name Check	\$40.00	\$9.00	Fixed	7/1/14
	30.2	Taxi Driver Permit	\$180.00	\$185.00	Initial (Biennial)	7/1/14



**FEE SCHEDULE – PUBLIC WORKS DEPARTMENT**

**Exhibit I**

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
66412	27.17	Encroachment Permit: Debris Box/Temporary Storage Container	\$114.00	\$116.00	Fixed	7/1/14
	27.17	Nonresidential	\$1,955.00	\$1,994.00	Fixed	7/1/14
	27.17	Residential	\$1,069.00	\$1,090.00	Fixed	7/1/14
	27.17	Temporary	\$848.00	\$857.00	Fixed	7/1/14
	27.43	Excavation Permit: Associated with Inspection Rate	\$211.00 or 15% of construction cost	\$215.00 or 15% of construction cost	Hour (3-hour minimum)	7/1/14
	27.43	Full Cost Recovery	\$211.00	\$215.00	Hour	7/1/14
	27.43	Hourly Labor Rate (Research, Plan Check, Inspection)	\$211.00	\$215.00	Hour (2-hour minimum)	7/1/14
		Lot Line Adjustment	\$2,259.00	\$2,304.00	Fixed	7/1/14
	28.27(b)	Map Check: Final Map	\$4,717.00 +\$12.00	\$4,811.00 +\$12.00	First 2 Lots Each Add'l Lot	7/1/14 7/1/14
	28.27(b)	Parcel Map	\$2,795.00	\$2,851.00	Fixed	7/1/14
8300, et seq. 8740.1	27.18	Right-of-Way Vacation	\$1,534.00	\$1,565.00	Fixed	8/17/14
	28.6.1	Segregation of Assessment Districts	\$2,241.00 +\$211.00	\$2,286.00 +\$215.00	First 2 Lots Each Add'l Lot	7/1/14 7/1/14
	27.23	Sidewalk Permit: <sup>(7)</sup> Residential	\$3.67 (\$184.00 min.)	\$3.77 (\$189.00 min.)	Linear Foot	8/17/14
	27.23	Nonresidential	\$318.00 + 5.0% of construction cost	\$327.00 + 5.0% of construction cost	Fixed + Percentage	8/17/14
	35.31.6, 28.51(b)	Storm Drainage Connection: <sup>(7)</sup> First Class	\$0.265	\$0.272	Net Square Foot	8/17/14
	35.31.6, 28.51(b)	Second Class	\$0.127	\$0.130	Gross Square Foot	8/17/14

## FEE SCHEDULE – PUBLIC WORKS DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Street Improvements Reimbursement: <sup>(7)</sup>				
	27.65(c)	Major Structural Street Section	\$10.06	\$10.33	Square Foot	8/17/14
	27.65(c)	R1 and R2 Street Section	\$8.08	\$8.30	Square Foot	8/17/14
	27.65(c)	R3 Structural Street Section	\$9.17	\$9.42	Square Foot	8/17/14
	27.65(c)	Standard and Ornamental Street Lighting	\$25.36	\$26.04	Linear Foot	8/17/14
	27.65(c)	Standard PCC Curb and Gutter	\$29.51	\$30.31	Linear Foot	8/17/14
	27.65(c)	Standard PCC Driveway Approach	\$10.06	\$10.33	Square Foot	8/17/14
	27.65(c)	Standard PCC Sidewalk	\$9.17	\$9.42	Square Foot	8/17/14
	27.65(c)	Street Trees (15-gallon)	\$11.36	\$11.67	Linear Foot	8/17/14

**FEE SCHEDULE – UTILITY SERVICES**
**Exhibit J**

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		<b><u>ENTERPRISE FUNDS</u></b>				
		Existing Facilities Connection: <sup>(7)</sup>				
	35.41	Sanitary Sewer	\$79.27	\$81.41	Frontage Foot	8/17/14
	28.51,	Sanitary Sewer	\$317.00	\$326.00	Net Acre	8/17/14
	35.42					
	28.51.a,	Water Main	\$91.33	\$93.80	Frontage Foot	8/17/14
	35.41					
		Labor Rates:				
		Frontline				
		Regular	\$73.00	\$74.50	Hour	7/1/14
		Overtime	\$108.00	\$110.00	Hour	7/1/14
		Manager				
		Regular	\$112.00	\$114.00	Hour	7/1/14
		Supervisor				
		Regular	\$91.00	\$93.00	Hour	7/1/14
		Overtime	\$137.00	\$140.00	Hour	7/1/14
		Water Service Installation: <sup>(7)</sup>				
	35.37	1" meter and box only	\$509.00	\$523.00	Fixed	8/17/14
	35.37	2" meter and box only	\$924.00	\$949.00	Fixed	8/17/14
		Water Turn On:				
		Same Day (New Service)				
		Authorized				
	35.9	Mon-Fri – called in 3:01 p.m. - 7:59 a.m. and Sat., Sun., and Holidays	\$108.00	\$110.00	Fixed	7/1/14
		Unauthorized				
	35.9	Mon-Fri – called in 7:00 a.m. - 3:00 p.m.	\$81.00	\$83.00	Fixed	7/1/14
	35.9	Mon-Fri – called in 3:01 p.m. - 7:59 a.m. and Sat., Sun., and Holidays	\$119.00	\$121.00	Fixed	7/1/14
		<b><u>UTILITY SERVICES</u></b>				
		<u>Trash Disposal and Recycling Service:</u>				
	16	Bin For A Day	\$225.00	\$227.00	Fixed	7/1/14

## FEE SCHEDULE – UTILITY SERVICES

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Bin Rental (Trash and Compost):				
	16	1 cubic yard	\$19.85	\$20.05	Container/Month	7/1/14
	16	2 cubic yards	\$29.80	\$30.10	Container/Month	7/1/14
	16	3 cubic yards	\$39.70	\$40.10	Container/Month	7/1/14
	16	4 cubic yards	\$49.60	\$50.10	Container/Month	7/1/14
	16	6 cubic yards	\$59.60	\$60.20	Container/Month	7/1/14
	16	Bin Service (Compost)	75% of Refuse Bin Service	75% of Refuse Bin Service	Container/Month	
		Bin Service (Trash):				
		One Cubic Yard				
	16	1 Time/Week	\$99.20	\$100.20	Container/Month	7/1/14
	16	2 Times/Week	\$218.35	\$220.55	Container/Month	7/1/14
	16	3 Times/Week	\$337.10	\$340.50	Container/Month	7/1/14
	16	4 Times/Week	\$456.00	\$460.60	Container/Month	7/1/14
	16	5 Times/Week	\$574.95	\$580.70	Container/Month	7/1/14
	16	6 Times/Week	\$693.75	\$700.70	Container/Month	7/1/14
		Two Cubic Yards				
	16	1 Time/Week	\$198.15	\$200.15	Container/Month	7/1/14
	16	2 Times/Week	\$416.60	\$420.80	Container/Month	7/1/14
	16	3 Times/Week	\$634.70	\$641.05	Container/Month	7/1/14
	16	4 Times/Week	\$852.65	\$861.20	Container/Month	7/1/14
	16	5 Times/Week	\$1,070.60	\$1,081.35	Container/Month	7/1/14
	16	6 Times/Week	\$1,288.75	\$1,301.65	Container/Month	7/1/14
		Three Cubic Yards				
	16	1 Time/Week	\$297.25	\$300.25	Container/Month	7/1/14
	16	2 Times/Week	\$614.70	\$620.85	Container/Month	7/1/14
	16	3 Times/Week	\$931.90	\$941.25	Container/Month	7/1/14
	16	4 Times/Week	\$1,249.30	\$1,261.80	Container/Month	7/1/14
	16	5 Times/Week	\$1,566.50	\$1,582.20	Container/Month	7/1/14
	16	6 Times/Week	\$1,883.75	\$1,902.60	Container/Month	7/1/14
		Four Cubic Yards				
	16	1 Time/Week	\$396.35	\$400.35	Container/Month	7/1/14
	16	2 Times/Week	\$813.15	\$821.30	Container/Month	7/1/14
	16	3 Times/Week	\$1,229.30	\$1,241.60	Container/Month	7/1/14
	16	4 Times/Week	\$1,645.75	\$1,662.25	Container/Month	7/1/14
	16	5 Times/Week	\$2,062.15	\$2,082.80	Container/Month	7/1/14
	16	6 Times/Week	\$2,478.40	\$2,503.20	Container/Month	7/1/14
		Six Cubic Yards				
	16	1 Time/Week	\$594.55	\$600.50	Container/Month	7/1/14
	16	2 Times/Week	\$1,209.50	\$1,221.60	Container/Month	7/1/14
	16	3 Times/Week	\$1,824.45	\$1,842.70	Container/Month	7/1/14
	16	4 Times/Week	\$2,439.05	\$2,463.45	Container/Month	7/1/14
	16	5 Times/Week	\$3,053.55	\$3,084.10	Container/Month	7/1/14
	16	6 Times/Week	\$3,668.15	\$3,704.85	Container/Month	7/1/14

## FEE SCHEDULE – UTILITY SERVICES

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Special Extra Pickup				
	16	1 cubic yard	\$77.25	\$78.05	Pickup	7/1/14
	16	2 cubic yards	\$96.75	\$97.75	Pickup	7/1/14
	16	3 cubic yards	\$123.60	\$124.85	Pickup	7/1/14
	16	4 cubic yards	\$169.10	\$170.80	Pickup	7/1/14
	16	6 cubic yards	\$258.50	\$261.10	Pickup	7/1/14
		Cart Service (Compost): This service is only offered for 64-gallon (75% of Trash Service).				
	16	1 Time/Week	\$33.90	\$34.95	Container/Month	7/1/14
	16	2 Times/Week	\$74.60	\$76.85	Container/Month	7/1/14
	16	3 Times/Week	\$114.95	\$118.40	Container/Month	7/1/14
	16	4 Times/Week	\$155.95	\$160.65	Container/Month	7/1/14
	16	5 Times/Week	\$196.65	\$202.55	Container/Month	7/1/14
	16	Extra Pickup	\$22.50	\$23.20	Pickup	7/1/14
		Cart Service (Trash):				
	16	20-Gallon (residential only)	\$15.45	\$15.95	Container/Month	7/1/14
	16	32-Gallon	\$22.60	\$23.30	Container/Month	7/1/14
	16	64-Gallon	\$45.20	\$46.60	Container/Month	7/1/14
	16	96-Gallon	\$67.80	\$69.90	Container/Month	7/1/14
		Compactor Service:				
	16	Compactor Service (Trash): Per Compacted Yard	\$61.45	\$63.30	Pickup (on-call and regular service)	7/1/14
	16	10 cubic yards	\$614.50	\$633.00	Fixed	7/1/14
	16	20 cubic yards	\$1,229.00	\$1,266.00	Fixed	7/1/14
	16	25 cubic yards	\$1,536.25	\$1,582.50	Fixed	7/1/14
	16	30 cubic yards	\$1,843.50	\$1,899.00	Fixed	7/1/14
	16	35 cubic yards	\$2,150.75	\$2,215.50	Fixed	7/1/14
	16	40 cubic yards	\$2,458.00	\$2,532.00	Fixed	7/1/14
		Debris Box Service:				
	16	Cardboard	25% of Refuse Debris Box Service	25% of Refuse Debris Box Service	Pickup (on-call and regular service)	
	16	Compost	25% of Refuse Debris Box Service	25% of Refuse Debris Box Service	Pickup (on-call and regular service)	
	16	Yard Trimmings	25% of Refuse Debris Box Service	25% of Refuse Debris Box Service	Pickup (on-call and regular service)	
		Rental:				
	16	Daily (after 7 days)	\$13.95	\$14.10	+7 days	7/1/14
	16	Monthly	\$424.35	\$428.90	Month	7/1/14

## FEE SCHEDULE – UTILITY SERVICES

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	16	Trash: 16 cubic yards (includes 3-ton base) or 8 cubic yard rock box	\$659.40	\$679.20	Pickup (on-call and regular service)	7/1/14
	16	20 cubic yards (includes 3-ton base)	\$791.70	\$815.50	Pickup (on-call and regular service)	7/1/14
	16	25 cubic yards (includes 4-ton base)	\$914.35	\$941.80	Pickup (on-call and regular service)	7/1/14
	16	30 cubic yards (includes 4-ton base)	\$1,037.00	\$1,068.15	Pickup (on-call and regular service)	7/1/14
	16	40 cubic yards (includes 5-ton base)	\$1,199.20	\$1,235.20	Pickup (on-call and regular service)	7/1/14
	16	50 cubic yards (includes 5-ton base)	\$1,363.45	\$1,404.40	Pickup (on-call and regular service)	7/1/14
	16	Additional Tonnage Over Base	\$117.35	\$120.90	Ton (or fraction thereof) (over box base)	7/1/14
	16	Extra Collection Services: Excess Trash Fee	\$5.00	\$6.00	Per each 32-gal., charged in 32-gal. increments	7/1/14
	16	Excess Garbage Tags	\$5.00	\$6.00	Per tag	7/1/14
		<u>Wastewater Service:</u>				
	35.33	Base Commercial	\$3.40/unit (748 gallons) or fraction thereof of water consumed (\$23.80 min.)	\$3.55/unit (748 gallons) or fraction thereof of water consumed (\$24.85 min.)	Quantity	7/1/14
	35.33	Commercial/Industrial, Chemical, Groundwater, Liquid Waste	\$5.80/unit (1.7 x base) (748 gallons) or fraction thereof of water consumed (\$40.60 min.)	\$6.05/unit (1.7 x base) (748 gallons) or fraction thereof of water consumed (\$48.65 min.)	Quantity	7/1/14

## FEE SCHEDULE – UTILITY SERVICES

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	35.33	Restaurant	\$6.65/unit (1.95 x base) (748 gallons) or fraction thereof of water consumed (\$46.55 min.)	\$6.95/unit (1.95 x base) (748 gallons) or fraction thereof of water consumed (\$48.65 min.)	Quantity	7/1/14
	35.33	Single-Family Residence, Duplex, Multiple Dwellings, Mobile Homes, and Trailer Courts	\$26.10	\$27.15	Dwelling Unit/Month	7/1/14
		<u>Water Service:</u>				
		Backflow Prevention Devices – Inside City Limits (Commercial, Industrial)				
	35.27	5/8" to 1" meter	\$22.95	\$23.55	Monthly	7/1/14
	35.27	1.5" to 2" meter	\$35.10	\$35.95	Monthly	7/1/14
	35.27	3" meter	\$41.25	\$42.25	Monthly	7/1/14
	35.27	4" meter	\$48.80	\$50.00	Monthly	7/1/14
	35.27	6" meter	\$59.20	\$60.65	Monthly	7/1/14
	35.27	8" to 10" meter	\$72.85	\$74.60	Monthly	7/1/14
		Backflow Prevention – Outside City Limits				
	35.27	5/8" to 1" meter	\$28.70	\$29.45	Monthly	7/1/14
	35.27	1.5" to 2" meter	\$43.90	\$44.95	Monthly	7/1/14
	35.27	3" meter	\$51.60	\$52.85	Monthly	7/1/14
	35.27	4" meter	\$61.00	\$62.50	Monthly	7/1/14
	35.27	6" meter	\$74.00	\$75.85	Monthly	7/1/14
	35.27	8" to 10" meter	\$91.10	\$93.25	Monthly	7/1/14
		Fire Service:				
	35.26(a)	Meter	\$9.23/inch diameter \$36.92 (minimum)	\$9.46/inch diameter \$37.84 (minimum)	Monthly	7/1/14
	35.26(a)	Consumption Uniform	\$4.72	\$5.10	ccf/month	7/1/14
	35.26(a)	Consumption – Inside City Limits Commercial/Nonresidential Uniform	\$4.72	\$5.10	ccf/month	7/1/14
	35.26(a)	Residential – Multi-Family 0 to 2 ccf	\$3.54	\$3.83	ccf/month/ dwelling	7/1/14
	35.26(a)	>2 to 7 ccf	\$4.72	\$5.10	ccf/month/ dwelling	7/1/14
	35.26(a)	>7 ccf	\$7.55	\$8.16	ccf/month/ dwelling	7/1/14

## FEE SCHEDULE – UTILITY SERVICES

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	35.26(a)	Residential – Single-Family 0 to 3 ccf	\$3.54	\$3.83	ccf/month	7/1/14
	35.26(a)	>3 to 15 ccf	\$4.72	\$5.10	ccf/month	7/1/14
	35.26(a)	>15 ccf	\$7.55	\$8.16	ccf/month	7/1/14
	35.27	Consumption-Outside City Limits Commercial/ All Other Uniform	\$5.90	\$6.38	ccf/month	7/1/14
	35.27	Residential 0 to 3 ccf	\$4.43	\$4.79	ccf/month/ dwelling	7/1/14
	35.27	>3 to 15 ccf	\$5.90	\$6.38	ccf/month/ dwelling	7/1/14
	35.27	>15 ccf	\$9.44	\$10.20	ccf/month/ dwelling	7/1/14
	35.27	Consumption – Recycled Water	\$2.75	\$2.83	ccf/month	7/1/14
		Meter – Inside City Limits and Recycled Water				
		Residential – Single-Family	\$10.80	\$11.10	Monthly	7/1/14
		Residential – Multi-Family/ Commercial/ All Other:				
	35.26(a)	5/8" and 3/4" meters	\$10.80	\$11.10	Monthly	7/1/14
	35.26(a)	1" meter	\$21.60	\$22.20	Monthly	7/1/14
	35.26(a)	1.5" meter	\$43.20	\$44.40	Monthly	7/1/14
	35.26(a)	2" meter	\$69.15	\$71.05	Monthly	7/1/14
	35.26(a)	3" meter	\$129.60	\$133.20	Monthly	7/1/14
	35.26(a)	4" meter	\$216.00	\$222.00	Monthly	7/1/14
	35.26(a)	6" meter	\$432.00	\$444.00	Monthly	7/1/14
	35.26(a)	8" meter	\$691.20	\$710.40	Monthly	7/1/14
	35.26(a)	10" meter	\$1,036.80	\$1,065.60	Monthly	7/1/14
		Meter – Outside City Limits				
	35.27	5/8" and 3/4" meters	\$13.50	\$13.90	Monthly	7/1/14
	35.27	1" meter	\$27.00	\$27.75	Monthly	7/1/14
	35.27	1.5" meter	\$54.00	\$55.50	Monthly	7/1/14
	35.27	2" meter	\$86.45	\$88.85	Monthly	7/1/14
	35.27	3" meter	\$162.00	\$166.50	Monthly	7/1/14
	35.27	4" meter	\$270.00	\$277.50	Monthly	7/1/14
	35.27	6" meter	\$540.00	\$555.00	Monthly	7/1/14
	35.27	8" meter	\$864.00	\$888.00	Monthly	7/1/14
	35.27	10" meter	\$1,296.00	\$1,332.00	Monthly	7/1/14



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- (1) New fee.
  - (2) Fees related to dog licenses, impoundment, and vicious animal permits are set by Silicon Valley Animal Control Authority (SVACA), the City's animal control service provider.
  - (3) Base fees are rounded to the nearest \$25.00.
  - (4) Minimum ~~of~~ four hours required for use of any stage, café, lobby, rehearsal studio, dressing or green rooms, scene shop or storage.
  - (5) All Nonevent/Technical/Rehearsal: Minimum of 4 hours required for use of any stage will be capped at 10 hours.
  - (6) Family is two adults plus children < 18 years of age.
  - (7) These fees are recommended in accordance with the annual practice of reviewing fees and modifying with the Engineering News Record (ENR), 2.7 percent as of December 2013.

**FISCAL YEAR 2014-15  
RECOMMENDED NON-DISCRETIONARY ON-GOING CHANGES  
GENERAL OPERATING FUND**

## CITY-WIDE

**City Utility Costs** \$ 218,800

Provides increased funding for City utility services used by City departments.

City-wide Total \$ 218,800

## INFORMATION TECHNOLOGY DEPARTMENT

**Software and Hardware Maintenance:** \$ 15,500

Provides funding for new and existing software and hardware that require annual maintenance or license contracts. This cost increase is primarily related to the new WiFi to be installed at City facilities as a result of Google grant funds.

Information Technology Department Total \$ 15,500

## FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

**PERS Replacement Benefit:** \$ 22,000

Provides funding needed for certain retiree payments due to the change in the PERS processing of the replacement benefit. PERS will no longer allow for the credit applied for this payment and will change the methodology in the calculations for the City's valuations.

**Property Tax Consulting Services:** \$ 900

Provides funding for property tax consulting services. The total contract was increased in Fiscal Year 2013-14 from \$12,600 to \$14,400. The total cost of the contract is shared between the General Operating Fund and the Shoreline Community Fund.

Finance and Administrative Services Department Total \$ 22,900

## PUBLIC WORKS DEPARTMENT

**PG&E Cost Increase:** \$ 110,000

Provides funding for PG&E's annual rate increase and the addition of the new Teen Center.

Public Works Department Total \$ 110,000

Total Non-Discretionary On-Going \$ 367,200

**FISCAL YEAR 2014-15**  
**RECOMMENDED NON-DISCRETIONARY ON-GOING CHANGES**  
**OTHER FUNDS**

**COMMUNITY DEVELOPMENT DEPARTMENT**

Shoreline Regional Park Community (Shoreline Community) Fund

**Property Tax Consulting Services:** \$ 900

Provides funding for property tax consulting services. The total contract was increase in Fiscal Year 2013-14 from \$12,600 to \$14,400. The total cost of the contract is shared between the General Operating Fund and the Shoreline Community Fund.

Community Development Department Total	\$ 900
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**PUBLIC WORKS DEPARTMENT**

Water Fund

**BAWSCA Dues:** \$ 8,000

Provides funding for the increase in dues to the City's membership in the Bay Area Water Supply and Conservation Agency (BAWSCA) which represents the interest of 25 agencies and 2 private water companies that purchase wholesale water from the San Francisco regional (Hetch Hetchy) water system operated by the SFPUC.

Solid Waste Fund

**City Utility Increase:** \$ 13,000

Provides increased funding for City utility services used by City departments.

Public Works Department Total	\$ 21,000
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**COMMUNITY SERVICES DEPARTMENT**

Shoreline Community Fund

**Contract Increases:** \$ 10,200

Provides increase funding for Shoreline Regional Park security (\$8,500) and for parks maintenance and water feature contracts (\$1,700).

Community Services Department Total	\$ 10,200
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Total Non-Discretionary On-Going	<u>\$ 32,100</u>
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**FISCAL YEAR 2014-15  
RECOMMENDED DISCRETIONARY ON-GOING CHANGES  
GENERAL OPERATING FUND**

## CITY COUNCIL

**Council Procedures Committee (CPC) Recommendations for Council's Budget:**  
\$ 2,800

Provides increased funding in the Council's budget (\$1,800 travel reserve account and \$1,000 for Mayor's Innovation Project) as recommended by the CPC on April 8, 2014. The travel and training budget was reduced as part of the budget balancing during this past recession while travel and training costs continue to rise. Rather than increasing the individual Councilmember's training budget CPC recommended an increase in the reserve to make funds available as needed as determined by the Mayor. The CPC also recommended including the membership to the Mayor's Innovation Project.

City Council Total	\$ 2,800
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## CITY CLERK'S OFFICE

**Way Finder Signage Annual Maintenance:** \$ 1,500

Provides funding for the annual maintenance of the requested new Way Finder Signage system.

City Clerk's Office Total	\$ 1,500
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## CITY ATTORNEY'S OFFICE

**Training and Travel:** \$ 2,700

Provides increased funding for continuing legal education and courses in particular subject areas which are essential for the attorneys to maintain their membership in the California State Bar, develop subject matter expertise, and for the overall effectiveness of the City Attorney's Office.

City Attorney's Office Total	\$ 2,700
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## CITY MANAGER'S OFFICE

**PERS Health Program (PEMHCA) Administrative Fee:** \$ 12,000

Provides funding for the PEMHCA administrative fee. This fee is assessed on the monthly premium to cover administration of the program and cannot be included in the health premiums.

**FISCAL YEAR 2014-15**  
**RECOMMENDED DISCRETIONARY ON-GOING CHANGES**  
**GENERAL OPERATING FUND**  
(Continued)

**Supplies: \$ 1,000**

Provides increased funding for general supplies.

City Manager's Office Total	\$ 13,000
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**INFORMATION TECHNOLOGY DEPARTMENT**

**Geographical Information System (GIS) Intern: \$ 6,000**

Provides funding for a newly created internship program to update and maintain GIS data.

Information Technology Department Total	\$ 6,000
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**FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT**

**Opengov Services: \$ 3,400**

Provides funding for the Opengov website to provide budget transparency for internal and external use.

Finance and Administrative Services Department Total	\$ 3,400
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**PUBLIC WORKS DEPARTMENT**

**HVAC Technician Reclassification: \$ (10,000)**

Reclassifies the HVAC Technician position to a Facilities Maintenance Worker III position. This reclassification will better integrate this position into the Facilities Section by eliminating a single, stand-alone position and replacing it with a position classification that already exists in Facilities.

Public Works Department Total	\$ (10,000)
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**COMMUNITY SERVICES DEPARTMENT**

**City-Wide Event Programming: \$ 41,000 (offset by \$25,000 Sponsorship Revenue)**

Provides funding to continue City-wide events such as Thursday Night Live and increased funding for events such as the Holiday Tree Lighting, Halloween Bash, and Community Yard Sale as well as advertising, marketing of events, and to replace banners on a four-year schedule.

**FISCAL YEAR 2014-15**  
**RECOMMENDED DISCRETIONARY ON-GOING CHANGES**  
**GENERAL OPERATING FUND**  
(Continued)

**Aquatics Staffing:** \$ 21,000 (offset by \$21,000 Lesson Revenue)

Provides increased funding for hourly staffing to provide lessons. This funding brings the budget for staffing to current levels.

**The View Teen Center Wages:** No Cost

Transfers funding (\$18,000) from contract services to wages to offset additional hourly cost necessary to staff the new Teen Center.

**Miscellaneous Increases:** \$ 9,000

Provides funding for equipment repair and maintenance at the Senior Center, Bus Shelter Posters, Airfax Modules maintenance, and music performance licensing fee.

**Elementary Program Summer Transportation:** \$ 5,000 (offset by \$5,000 Camp Revenue)

Provides increased funding to the elementary program for increases in transportation costs. This increase is offset by increased camp revenue.

Community Services Department Total	\$ 76,000
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**LIBRARY SERVICES DEPARTMENT**

**Library Materials:** \$ 25,000

Provides increased funding for books and Library materials loaned to the public.

**Reading Program:** \$ 4,300

Provides increased funding for an increase in cost to the Reading Program, which teaches adults basic reading, writing, math and computer skills.

**Miscellaneous Increases:** \$ 2,300

Provides funding for professional memberships and database licensing for a variety of databases.

Library Services Department Total	\$ 31,600
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**FIRE DEPARTMENT**

**Lexipol Contract Services:** \$ 7,500

Provides funding for contract services from Lexipol to ensure that general orders (GO's) are compliant with current standards and directives.

**FISCAL YEAR 2014-15**  
**RECOMMENDED DISCRETIONARY ON-GOING CHANGES**  
**GENERAL OPERATING FUND**  
(Continued)

**Miscellaneous Increases:** \$ 3,600

Provides increased funding for blood storage (\$2,000) due to increased costs for replacement of worn and/or damaged staff uniforms (\$1,600).

Fire Department Total	\$11,100
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**POLICE DEPARTMENT**

**Amphitheater/Special Events:** \$ 67,800 (offset by \$124,000 Reimbursement Revenue)

Provides increased funding for Reserve Officer and Police Officer pay to work Amphitheatre and Special Events. Amphitheatre Events are fully cost recovered and includes a 15.0 percent administrative fee.

**Mountain View Police Activities League (MVPAL):** \$ 5,000

Provides funding for MVPAL. MVPAL is, primarily, a youth crime prevention program that relies on educational, athletic and other recreational activities to cement a bond between Police Officers and youth. It is based on the belief that if young people are reached early enough, they can develop strong, positive attitudes toward Police Officers that will carry through to adulthood. Studies have shown that if a young person respects a police officer on the ball field or in the classroom, the youth is more likely to respect the laws that Police Officers enforce. Such respect is beneficial to the youth, the Police Officer, the neighborhood and the business community. This budgeted amount will support the various MVPAL programming such as boxing, soccer, tennis, and other programming.

Police Department Total	\$ <u>72,800</u>
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Total Discretionary On-Going	\$ <u>210,900</u>
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**FISCAL YEAR 2014-15**  
**RECOMMENDED DISCRETIONARY ON-GOING CHANGES**  
**OTHER FUNDS**

**COMMUNITY DEVELOPMENT DEPARTMENT**

Development Services Fund

**Services and Supplies:** \$ 5,000

Provides funding for additional services and supplies necessitated by the high levels of development activity and the addition of staff members.

Below Market Rate (BMR) Housing Fund

**Palo Alto Housing Corporation:** \$ 35,000

Provides funding for the Palo Alto Housing Corporation to assist the City in administering the BMR program.

Downtown Benefit Assessments Districts Fund

**Part-Time Police Assistant:** \$ 32,000

Provides continued funding for a part-time police assistant to increase downtown parking enforcement efforts.

Shoreline Regional Park Community (Shoreline Community)

**Transportation Management Association:** \$ 10,000

Provides preliminary funding for the annual membership fee. The minimum annual fee is \$10,000 but the precise fee has not yet been determined. Council requested this funding be included in the proposed budget with a final decision on membership to be made later in the budget process.

Community Development Department Total

\$ 82,000

**PUBLIC WORKS DEPARTMENT**

Development Services Fund

**Construction Inspection Overtime:** \$ 75,000

Provides funding for overtime in the Construction section of the Public Work department relating to inspections. The cost of staff time is reimbursed by developers.

Solid Waste Management Fund

**Recology Diversion Incentive Program:** \$ 100,000

The new collection services agreement with Recology provides for a diversion incentive whereby Recology is eligible for a financial incentive payment if it attains certain diversion targets. The maximum payment per year is \$100,000, but may be less in any given year.



**FISCAL YEAR 2014-15  
RECOMMENDED DISCRETIONARY ON-GOING CHANGES  
OTHER FUNDS  
(Continued)**

**Irrigation Water:** \$ 37,000

Provides increased funding for water used for landfill cap maintenance.

Public Works Department Total \$ 212,000

**COMMUNITY SERVICES DEPARTMENT**

Shoreline Community

**Irrigation Water:** \$ 150,000

Provides funding to more accurately reflect the use of water at the park and to fund the increased cost of water.

**Rengstorff House Janitorial:** No Cost

Transfers funding from wages (\$9,000) to janitorial services to pay for the Rengstorff House's new janitorial services. Janitorial services were previously performed by hourly staff.

Shoreline Golf Links

**Touchstone Contract Personnel:** \$ 46,400

Provides increased funding for staffing cost increases.

**Irrigation Water:** \$ 41,000

Provides increased funding for irrigation water, partially due to the blending of potable water with the Recycled water, for the maintenance the golf course.

**Net Miscellaneous:** \$ (800)

Provides increased funding for credit card processing fess (\$2,500) offset by miscellaneous reductions.

Community Services Department Total \$ 236,600

**FIRE DEPARTMENT**

Wastewater Fund

**Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP)  
Assessment and National Pollutant Discharge Elimination System (NPDES)  
Permit Fees:** \$ 8,000

Provides increased funding for the SCVURPPPP assessment and NPDES permit fees due to increases in trash control and new requirements that will take effect during Fiscal Year 2014-15.

Fire Department Total \$ 8,000

**FISCAL YEAR 2014-15**  
**RECOMMENDED DISCRETIONARY ON-GOING CHANGES**  
**OTHER FUNDS**  
**(Continued)**

POLICE DEPARTMENT

Shoreline Community

**Amphitheater Patrol Costs:** \$ 14,000

Provides increased funding for patrol costs related to patrolling the A/B lots and other areas outside the Amphitheater during concerts.

Police Department Total	<u>\$ 14,000</u>
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Total Discretionary On-Going	<u><u>\$ 552,600</u></u>
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April 8, 2014

The Honorable Chris Clark, Mayor of Mountain View  
 The Honorable John McAlister, Vice Mayor of Mountain View  
 500 Castro Street, Post Office Box 7540  
 Mountain View, California 94039-7540

Mr. Clark and Mr. McAlister:

We'd like to introduce you to the Mayors Innovation Project. We are a national learning network for mayors and senior staff focused on the high road of equity, sustainability and democracy. We hold semi-annual meetings that cover cutting-edge policy in a content-rich but relaxed learning environment and that allow you to network with your peers, share your successes, and learn from other mayors.

Mountain View has been represented at our meetings since 2012 by Councilmember (and former Mayor) Mike Kasperzak. We've been pleased to have his participation, and we hope that you and others from Mountain View will attend in the future. We're writing today to invite Mountain View to become a member city. We ask our member cities to contribute according to the following schedule:

City Population	MIP Membership Fee
0-50,000	\$500.00
50,000-150,000	\$1,000.00
150,000-300,000	\$1,500.00
300,000-500,000	\$2,000.00
500,000 +	\$2,500.00

**National Steering Committee**

Mayor Tom Bates  
 Berkeley, California

Mayor Ralph Becker  
 Salt Lake City, Utah

Mayor Frank Cownie  
 Des Moines, Iowa

Mayor George Heartwell  
 Grand Rapids, Michigan

Mayor Mark Kleinschmidt  
 Chapel Hill, North Carolina

Ms. Valarie J. McCall, Chief of  
 Government and International  
 Affairs  
 Cleveland, Ohio

Mayor Miro Weinberger  
 Burlington, Vermont

Dr. Joel Rogers  
 Director, COWS



Membership entitles each city to one free registration to our semi-annual meetings and a discount on any additional registration. Member cities can also call upon our staff for advice and policy assistance.

We hope that you will be able to invest in the continuation of the Mayors Innovation Project with your membership fee, and that you'll join us for our summer meeting, Aug 20-22 in Chapel Hill, NC. Please contact our staff at (608) 262-5387 or [satya@mayorsinnovation.org](mailto:satya@mayorsinnovation.org) if you have any questions.

Sincerely,

Mayor Tom Bates

Mayor Ralph Becker

Mayor Frank Cownie

Mayor George Heartwell

Valarie J. McCall

Mayor Mark Kleinschmidt

Joel Rogers

Miro Weinberger

P.S. We are committed to working with every city to find an equitable way to ensure that their continued participation is not limited by lack of funding. Please contact staff if you would like to discuss this.

**FISCAL YEAR 2014-15  
LIMITED-PERIOD EXPENDITURE RECOMMENDATIONS**

General Fund Limited-Period Expenditures  
(To Be Funded From Fiscal Year 2013-14 Carryover)

## CITY COUNCIL:

**Council Team Building:** \$ 2,500

Provides funding for Council team building. With the 2014 election and three new members joining the Council, funds are being requested by the CPC for a Council team building in early 2015.

City Council Total \$ 2,500

## CITY CLERK'S OFFICE:

**November 2014 Election:** \$ 100,000

Provides funding for the November 4, 2014 General Municipal Election.

City Clerk's Office Total \$ 100,000

## CITY MANAGER'S OFFICE:

**Communications Coordinator Position (0.50):** \$ 70,000

Continuation of funding for a half-time Communications Coordinator position located in the City Manager's Office.

**Civica Website Training:** \$ 20,000

Continuation of funding for training of department users to enable them to maintain the content of the redesigned website on an ongoing basis.

**Supplemental Civica Technical Support:** \$ 15,000

Continuation of funding for technical support for the City's newly redesigned website.

City Manager's Office Total \$ 105,000

## FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT:

**Financial Analyst I/II Position:** \$ 35,000

Continuation of funding for 0.25 FTE of a Financial Analyst I/II position to add to a current 0.75 FTE position needed to relieve workload in the Finance and Administrative Services Department.

**Cost Allocation Plan Update:** \$ 15,000

Provides funding for the Fiscal Year 2013-14 Cost Allocation Plan Update.

**FISCAL YEAR 2014-15**  
**LIMITED-PERIOD EXPENDITURE RECOMMENDATIONS**  
**(Continued)**

**Nonprofit Agency Funding: \$ 12,000**

Provides second year of funding for a 10.0 percent increase up to the requested amount, and a minimum funding of \$5,000, for nonprofit agencies funded by the General Operating Fund.

Finance and Administrative Services Department Total	\$ 62,000
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**PUBLIC WORKS DEPARTMENT:**

**Associate Civil Engineer-Traffic Position (0.65): \$ 110,500**

Provides funding for 0.65 FTE of an Associate Civil Engineer position (the other 0.35 FTE is recommended to be funded from the Development Services and Shoreline Regional Park Community Funds). The position will support the increased workload in the Traffic section due to the high levels of private development activity.

**Mobility Coordinator Position: \$ 150,000**

Provides funding for a new Mobility Coordinator position. This is intended to be a two-year, limited-period position to focus on furthering the Council goal of "Improve Bicycle and Pedestrian Mobility." This new position would provide expertise in developing policies, guidelines, and projects; support the B/PAC; and provide input on private development projects. It will also free up some staff resources in Traffic Engineering and Transportation to focus on other priorities.

**2012 Community Wide Green House Gas (GHG) Inventory: \$ 15,000**

Provides funding to conduct an inventory of 2012 community wide GHG emission in order to measure against GHG reduction targets approved by Council in 2009.

**Project Manager Position: \$ 5,000**

Provides funding for one-quarter of a Project Manager position, to add to a current half-time position, needed to relieve workload. The total funding of \$50,000 for this position is allocated between the General Non-Operating Fund and CIPs.

Public Works Department Total	\$ 280,500
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**FISCAL YEAR 2014-15  
LIMITED-PERIOD EXPENDITURE RECOMMENDATIONS  
(Continued)**

**COMMUNITY SERVICES DEPARTMENT:**

**Plaza Palooza:** \$ 12,000

Provides funding to continue Plaza Palooza events at the Civic Center Plaza.

**Senior Center Garden Beds:** \$ 5,000

Provides funding to continue the second phase of the Senior Center Garden bed replacement.

**Performing Arts Committee (PAC) Community Events:** \$ 1,000

Provides funding to support community programming at the Center for the Performing Arts.

Community Services Department Total	\$ 18,000
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**LIBRARY SERVICES DEPARTMENT:**

**eBooks:** \$ 8,500

Provides funding to expand the Library's eBook collection. eBooks typically cost two to five times as much as print format.

Library Services Department Total	\$ 8,500
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**FIRE DEPARTMENT:**

**Firefighter Overtime:** \$ 187,500

Provides funding for three Firefighter recruits to attend the Firefighter Academy for three months and approximately one-month transition-to-shift period.

**Promotional Exams:** \$ 9,900

Provides funding to conduct promotional assessment centers to fill anticipated vacancies for Fire Battalion Chief Position. The current eligibility lists will expire in July 2014.

Fire Department Total	\$ 197,400
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Total General Fund Limited-Period Expenditures	<u>\$ 773,900</u>
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**FISCAL YEAR 2014-15  
LIMITED-PERIOD EXPENDITURE RECOMMENDATIONS  
(Continued)**

Other Funds Limited-Period Expenditures

COMMUNITY DEVELOPMENT DEPARTMENT:

Development Services Fund

**Reimbursements to Other Funds:** \$1,871,000

Provides reimbursements to the original funding sources for two capital improvement projects. During the review of the consolidation of development services, staff determined the funding for these projects would be more appropriately charged to the Development Services Fund. Therefore, a \$1.5 million reimbursement is recommended to the General Non-Operating Fund for its contributions to the General Plan and a \$350,000 reimbursement to the Capital Improvement Reserve is recommended for its contributions to the El Camino Real and San Antonio Precise Plans.

**Senior Planner Position:** \$ 155,500

Provides funding for a Senior Planner Position. The position will support the ongoing high-level of development activity as well as provide enhance support at the Development Services Counter.

**Associate Planner Position:** \$ 143,600

Continuation of funding for an Associate Planner Position. Due to eliminated positions in past fiscal years, resources for counter coverage have been reduced to minimal levels, creating difficulty in providing excellent service to customers. This position improves customer service at the counter, increases the number of over-the-counter "One Stop" permits that can be issued, and potentially increases the counter hours.

**Office Assistant II Position:** \$ 95,300

Continuation of funding for an Office Assistant II position. This position was eliminated in Fiscal Year 2003-04 as part of a budget reduction strategy. Given the increase in workload over the past several years, temporary staff has been needed and staff believes that continuing this position is critical to the overall operation of the department.

**Congestion Management Agency Multimodal Plan:** \$ 50,000

State law requires each county designate a county-wide body to act as it Congestion Management Agency (CMA) and create a Congestion Management Program (CMP) to guide transportation improvements along regional transportation routes throughout the county. For Santa Clara County, the VTA serves as the CMA.



**FISCAL YEAR 2014-15**  
**LIMITED-PERIOD EXPENDITURE RECOMMENDATIONS**  
**(Continued)**

Mountain View has several CMP intersections within its jurisdiction, including El Camino Real/Grant and El Camino Real/San Antonio. In cases where a CMP intersection does not currently meet CMP guidelines or may not in the future, and road widening or other street improvement are not feasible, the City is required to prepare a Multimodal Plan. This Plan allows the City to offset deficiencies at a CMP intersection by making vehicle, bike, and/or pedestrian improvements elsewhere along the CMP roadway system. Failure to complete a Multimodal Plan could result in a loss of gas tax revenues.

**Precise Plan Noticings: \$ 12,000**

Continuation of funding for noticing for the El Camino Real, San Antonio, and East Whisman Precise Plans. The notices are mailed to the Precise Plan areas to notify residents of Study Sessions, Public Hearings, and neighborhood meetings.

Below Market Rate (BMR) Housing Fund

**Consolidated Plan (FY2015-16 to 2019-2020): \$ 60,000**

Provides funding for the preparation of the Consolidated Plan for Fiscal Years 2015-16 to 2019-20 as required by the U.S. Office of Housing and Urban Development (HUD).

**NOFA Legal Assistance: \$ 60,000**

Funding for outside legal assistance with NOFA projects.

**Homeless Census Count: \$ 6,000**

Provides funding for a homeless census count organized by the County.

Downtown Benefit Assessments Districts Fund

**Implement Parking Technology Solution: \$ 100,000**

Provides funding to implement parking information, monitoring, and/or enforcement technologies as determined through the Downtown Parking Technology Study. This is a placeholder pending the completion of the study and direction from the Downtown Committee and City Council.

**Third Parking Structure Feasibility Study: \$ 75,000**

Provides funding to begin a study to identify a potential location for a third parking structure or evaluate other alternatives to increase available parking in the downtown area.

**FISCAL YEAR 2014-15**  
**LIMITED-PERIOD EXPENDITURE RECOMMENDATIONS**  
**(Continued)**

Shoreline Regional Park Community (Shoreline Community) Fund

**Transportation Management Association (MTA):** \$ 75,000

The City Council discussed the possibility of becoming a member of the MTA on February 25, 2014 and directed staff to include the membership fee in the proposed budget with a final decision on membership to be made later in the budget process.

**Precise Plan Noticings:** \$ 6,000

Continuation of funding for noticing for the North Bayshore Precise Plan. The notices are mailed to the Precise Plan areas to notify residents of Study Sessions, public hearings, and neighborhood meetings.

Community Development Department Total \$ 2,709,400

**PUBLIC WORKS DEPARTMENT:**

Development Services Fund

**Associate Civil Engineer-Construction Position:** \$ 170,000

Provides funding for an Associate Civil Engineer Position. The position will support the increased workload in the Construction Section due to the high levels of development activity.

**Associate Civil Engineer Position (0.50):** \$ 85,000

Continuation of funding for 0.50 FTE of an Associate Civil Engineer Position (the other 0.50 FTE is recommended to be funded from the Shoreline Regional Park Community, Water, Wastewater and Solid Waste Funds). The position is used in place of consultants to handle increased workload associated with high levels of private development activity.

**Associate Civil Engineer-Traffic Position (0.10):** \$ 17,000

Provides funding for 0.10 FTE of an Associate Civil Engineer Position (the other 0.90 FTE is recommended to be funded from the General Non-Operating and Shoreline Regional Park Community Funds). The position will support the increased workload in the Traffic Section due to the high levels of private development activity.

Shoreline Community Fund

**Associate Civil Engineer-Traffic Position (0.25):** \$ 42,500

Provides funding for 0.25 FTE of an Associate Civil Engineer Position (the other 0.75 FTE is recommended to be funded from the General Non-Operating and Development Services Funds). The position will support the increased workload in the Traffic Section due to the high levels of development activity.

**FISCAL YEAR 2014-15  
LIMITED-PERIOD EXPENDITURE RECOMMENDATIONS  
(Continued)**

**Associate Civil Engineer Position (0.15): \$ 25,500**

Continuation of funding for 0.15 FTE of an Associate Civil Engineer Position (the other 0.85 FTE is recommended to be funded from the Development Services, Water, Wastewater and Solid Waste Funds). The position is used in place of consultants to handle the increased workload associated with high levels of private development activity.

Water Fund

**Associate Civil Engineer Position (0.15): \$ 25,500**

Continuation of funding for 0.15 FTE of an Associate Civil Engineer position (the other 0.85 FTE is recommended to be funded from the Development Services, Shoreline Regional Park Community, Wastewater and Solid Waste Funds). The position is used in place of consultants to handle increased workload associated with high levels of private development activity.

Wastewater Fund

**Associate Civil Engineer Position (0.15): \$ 25,500**

Continuation of funding for 0.15 FTE of an Associate Civil Engineer position (the other 0.85 FTE is recommended to be funded from the Development Services, Shoreline Regional Park Community, Water and Solid Waste Funds). The position is used in place of consultants to handle increased workload associated with high levels of private development activity.

Solid Waste Fund

**Residential Food Waste Pilot Program: \$ 60,500**

Provides funding to implement a pilot program to collect food waste from residential customers. The other SMaRT partners are currently (Palo Alto) or will be (Sunnyvale) running a residential food waste pilot program. Each partner agreed to implement a different pilot and share results. This will allow Mountain View to choose from several different options if a full-scale program is desired.

**Associate Civil Engineer Position (0.05): \$ 8,500**

Continuation of funding for 0.05 FTE of an Associate Civil Engineer position (the other 0.95 FTE is recommended to be funded from the Development Services, Shoreline Regional Park Community, Water and Wastewater Funds). The position is used in place of consultants to handle increased workload associated with high levels of private development activity.

Public Works Department Total

\$ 460,000

**FISCAL YEAR 2014-15  
LIMITED-PERIOD EXPENDITURE RECOMMENDATIONS  
(Continued)**

**FIRE DEPARTMENT:**

Development Services Fund

**Multi-Family Housing Program:** \$ 157,500

Provides funding for 0.75 FTE of a Building Inspector position and 0.50 FTE of an Office Assistant position. These additional staffing resources will aid in conducting an internal audit/assessment of the Multi-Family Housing self-certification properties and program. Staff's goal is to inspect each self-certification property (approximately 250) during Fiscal Year 2014-15 to assess the current habitability and overall fire and life safety condition, and ultimately prescribe a programmatic inspection frequency for these properties which is consistent with the inspection methodology currently implemented for the remaining properties in the program.

Fire Department Total	\$ 157,500
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Total Other Funds Limited-Period Expenditures	<u>\$ 3,326,900</u>
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CITY OF MOUNTAIN VIEW

**MEMORANDUM**

City Manager's Office

**DATE:** April 29, 2014

**TO:** City Council

**FROM:** Daniel H. Rich, City Manager

**SUBJECT:** Staffing for Mobility Issues

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At the January 28, 2014 Study Session, the City Council discussed the role of the Bicycle/Pedestrian Advisory Committee (B/PAC). At the March 4, 2014 Study Session, staff suggested an alternative to the B/PAC's request to be more involved with individual development projects by adding resources that could provide the following:

- Focus on pedestrian and bicycle considerations.
- Provide input to Public Works Department and Community Development Department staff.
- Report to B/PAC on major policy and project developments related to pedestrians and bicycles.

Council directed staff to prepare such a proposal, including responsibilities and funding, for additional staff resources as part of the Fiscal Year 2014-15 budget process.

Proposal

Staff recommends a two-year, limited-term, Mobility Coordinator position. This would provide focused, experienced leadership and capacity to further the Council goal to improve bicycle and pedestrian mobility.

Scope of Responsibilities for Mobility Coordinator

- Act as staff liaison to the B/PAC and report to B/PAC on major public and private development projects, as well as policy development related to pedestrians and bicycles.

- Research developing trends in bicycle/pedestrian improvements and safety practices and make recommendations for implementation of improvements and adoption of new standards and practices.
- Develop, update, and promote the City's bicycle/pedestrian program. Prepare educational materials to encourage safe biking and walking.
- Participate in the interdepartmental staff review of public and private projects that affect pedestrian and bicycle improvements.
- Assist in the implementation of bicycle/pedestrian projects by assisting project managers/engineers from concept to final design by providing specialized bicycle-/pedestrian-focused input.
- Evaluate accident data, public input, and other sources to proactively recommend to the Police and Public Works Departments improvements to City practices and City infrastructure.
- Provide outreach to and solicit input from stakeholders, including neighborhood groups, schools, and employers regarding bicycle/pedestrian issues.
- Respond to public inquiries regarding the City's bicycle/pedestrian program.
- Prepare grant applications for and, as appropriate, administer bicycle-/pedestrian-related grants.
- Serve as the City's bicycle/pedestrian liaison and coordinate programs and activities with regional agencies.
- Monitor State guidelines related to bicycle and pedestrian facilities.
- Manage updates to the Pedestrian and Bicycle Master Plans.

This approach would provide an additional focus on pedestrian and bicycle concerns into the development review process. This would not change the B/PAC's current role of reviewing public projects with major pedestrian and bicycle components or in reviewing gatekeepers. Recent examples of public projects presented to the B/PAC for review include the NASA Ames pedestrian connection across Highway 101 to the light rail station and the proposed improvements to the Permanente Creek Trail crossings of Charleston Road and Amphitheatre Parkway.

This new position would create capacity for additional bicycle/pedestrian efforts, including capital projects and policy/program enhancements. It will also free up some staff resources in Traffic Engineering and Transportation to focus on other priorities. The position would report to the Transportation and Business Manager in Public Works, but would also work closely with Traffic Engineering and Planning staff.

Fiscal Impact

Staff recommends this position be at the same level as the Environmental Sustainability Coordinator or a Senior Administrative Analyst. The control point salary for this position is \$99,716. Funding would come from the General Non-Operating Fund and/or grants related to bicycle/pedestrian programs.

DHR/PJK/9/MGR

614-04-29-14M-E

**FISCAL YEAR 2014-15  
RECOMMENDED CAPITAL OUTLAY**

General Operating Fund

City Clerk's Office:	\$ <u>5,500</u>
Way Finder Signage	5,500
Finance and Administrative Services Department:	<u>10,000</u>
Front Counter Remodel (shared with Water Fund)	10,000
Community Services Department:	<u>81,500</u>
Ticketing Software	24,000
Shade Structure for Pool	17,300
Artifax Modules – Staffing & Online	12,000
Community Center Tables (60)	12,000
Senior Center Stackable Chairs (35)	10,100
MVSP Volleyball Net and Poles (2)	6,100
Library Services Department:	<u>34,000</u>
Chair Reupholster (2 <sup>nd</sup> phase)	25,000
Community Room Tables	5,000
Training Room Equipment	4,000
Fire Department:	<u>60,100</u>
EMS Adult Simulator Mannequin	23,100
ChemPro 100i Handheld Gas Monitor	16,200
SCBA Storage Cylinders (4)	12,000
Vetter Air Bag	4,800
Elliptical Trainer	4,000
Police Department:	<u>118,700</u>
Glock Pistols (54, second half) & Accessories	61,200
Active Shooter/Trauma Bags (119)	31,500
AED's (10)	26,000
General Operating Fund Total	\$ <u>309,800</u>



**FISCAL YEAR 2014-15**  
**RECOMMENDED CAPITAL OUTLAY**  
(Continued)

Other Funds

Finance and Administrative Services Department:

<u>Water Fund:</u>		\$ <u>10,000</u>
Front Counter Remodel (shared with GOF)	10,000	

Total Other Funds		\$ <u>10,000</u>
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Total Capital Outlay		\$ <u><u>319,900</u></u>
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**FISCAL YEAR 2014-15  
RECOMMENDED EQUIPMENT REPLACEMENT**

COMPUTERS: \$ 1,498,100

50	Switches (42 Rebudget)	568,600
1	Software Licenses (Windows/Office)	250,400
151	Computers	249,000
1	Council Chamber AMX System (partial funding)	125,000
5	UPS for Switches	75,000
29	Printers	67,000
7	Servers (7 Rebudget)	63,600
1	Large Format Scanner	36,000
1	Dictaphone Equipment (Rebudget)	35,000
2	Blades for Switches	12,000
1	Plotter	12,000
3	Portable Projectors	4,500

COMPUTER AIDED DISPATCH/RECORDS MANAGEMENT SYSTEM: 462,500

59	Mobile Data Computers	399,000
55	Data Modems (Rebudget)	60,500
1	Router	3,000

COMMUNICATIONS CENTER: 673,400

15	Bases (Rebudget)	171,500
5	Console PC and Electronics (Rebudget)	111,900
5	Voter/Comparators (Rebudget)	80,000
2	Antennas (Rebudget)	70,000
10	Voting Receivers (Rebudget)	59,000
1	Digital Logging Recorder and Software (Rebudget)	50,000
7	T-1 Transmitters and Receivers (Rebudget)	50,000
7	T-1 Routers (Rebudget)	22,000
12	Monitor Receivers (Rebudget)	18,000
1	Digital Access and Cross-Connect System (Rebudget)	15,000
1	UPS (Rebudget)	15,000
2	UPS Batteries (Rebudget)	8,000
1	Encoder (Rebudget)	3,000

FIRE RADIO: 76,000

19	Mobile	76,000
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**FISCAL YEAR 2014-15  
RECOMMENDED EQUIPMENT REPLACEMENT  
(Continued)**

POLICE RADIO: \$ 250,500

51	Mobile (Police Car) (Rebudget)	229,500
6	Motorcycle	21,000

FLEET: 1,853,500

1	Reserve Fire Aerial Ladder Truck (1/2 shared, Rebudget)	537,500
10	¾ Ton Truck (5 Rebudget)	375,000
6	Patrol Cars and Upfitting	300,000
3	½-Ton Trucks	105,000
1	SWAT Van	100,000
2	Tractor (Large) (Rebudget)	70,000
2	Hybrid Sedans	60,000
1	Safety SUV and Upfitting	51,000
1	2-Ton Truck	40,000
1	Sedan/Wagon	37,000
1	Van-SUV	30,000
1	Tractor (Medium) (Rebudget)	30,000
1	Mini Pick-Up Truck	25,000
1	Trailer (Heavy Duty)	20,000
1	Fuel Truck Upfitting (Rebudget Balance)	20,000
5	Undesignated Equipment	20,000
3	Trailer (Small)	18,000
1	Cart (Med)	15,000

GOLF EQUIPMENT: 715,500

76	Golf Carts	390,000
1	Backhoe (Rebudget)	97,500
1	Spray Rig Utility Vehicle (Rebudget)	53,000
1	Reel Sharpener (Rebudget)	38,000
1	Triplex Greens Mower (Rebudget)	35,000
1	Fairway Aerator	33,500
1	Utility Vehicle (Ball Picker) (Rebudget)	21,000
1	Bed Knife Sharpener (Rebudget)	16,000
3	Utility Vehicle (Light Duty) (1 Rebudget )	26,500
1	Core Harvester (Rebudget)	5,000

TOTAL EQUIPMENT REPLACEMENT \$ 5,529,500



## CITY OF MOUNTAIN VIEW

**MEMORANDUM**

Public Works Department

**DATE:** April 29, 2014

**TO:** City Council

**FROM:** Linda Forsberg, Transportation and Business Manager  
Michael A. Fuller, Public Works Director

**VIA:** Daniel H. Rich, City Manger

**SUBJECT:** Energy Upgrade Mountain View

At its April 9, 2014 meeting, the Council Environmental Sustainability Committee (CESC) requested staff develop a cost estimate for a one-year continuation of the Energy Upgrade Mountain View (EUMV) program currently scheduled to end on June 30, 2014.

Acterra, the current administrator of the EUMV program, has indicated that it could continue the EUMV program through the end of Fiscal Year 2014-15 at a cost of \$70,000, with the goal of signing up at least 400 additional residents to participate in the program. The Council approved \$85,000 to continue the EUMV program in Fiscal Year 2013-14, with a target of signing up 500 additional participants. Based on the current rate of sign-ups so far this fiscal year, this target will be met/exceeded.

Residents signing up for the EUMV program receive a personalized analysis of their home energy use and, based on their energy use profile, receive customized services, support, and recommendations to reduce their energy use and carbon emissions.

EUMV was initially funded with \$343,000 from the Federal Energy Efficiency and Conservation Block Grant (EECBG) program. To date, more than 1,660 participants have enrolled in EUMV. The average EUMV participant has lowered their energy bill by approximately \$75 per year, and participants collectively have saved more than \$75,000. Participating households, collectively, have prevented approximately 276 metric tons of carbon (CO<sub>2</sub>e) from entering the atmosphere, which is the equivalent of removing approximately 57 vehicles from the road for a year or saving 31,000 gallons of gas.

LF-MAF/PJK/9/PWK/901-04-29-14M-E



## CITY OF MOUNTAIN VIEW

**MEMORANDUM**Finance and Administrative  
Services Department

**DATE:** April 29, 2014

**TO:** City Council

**FROM:** Patty J. Kong, Finance and Administrative Services Director

**VIA:** Daniel H. Rich, City Manager

**SUBJECT:** Request for Boomerang Funding for Low- and Moderate-Income Housing

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**INTRODUCTION**

The Cities Association of Santa Clara County, Housing Trust Silicon Valley (Housing Trust), and Silicon Valley Leadership Group (SVLG) have joined together to support regional efforts to increase funding for affordable housing in our communities. As a result of the dissolution of redevelopment agencies (RDAs) and the loss of the previous 20.0 percent housing set aside for low- and moderate-income housing (LMIH) funds, the proposal identifies two potential streams of revenue: (1) the one-time funds that were unencumbered; and (2) the ongoing funds that are distributed to cities previously directed to RDAs. These have been deemed “boomerang” funds.

**ANALYSIS**

On March 26, 2014, staff met with representatives of the Housing Trust and Cities Association of Santa Clara County to discuss this request. The County of Santa Clara (County) Board of Supervisors has adopted a policy to dedicate a share (up to 20.0 percent) of their residual distributions to affordable housing purposes and plans to match the commitment of resources to cities that adopt similar policies. It should be noted that Mountain View has devoted significant resources, both before and after the dissolution of the Revitalization Authority (Authority), to affordable housing and is one of the only cities within Santa Clara County (County) with a Rental Housing Impact Fee.

### One-Time Unencumbered LMIH Funds

It was determined there was \$1.0 million of unencumbered LMIH funds of the former Authority. In accordance with the dissolution legislation, these funds were remitted to the County and distributed to the taxing entities. The City represents approximately 14.0 percent of the tax base and received \$140,799. The request is for the City to commit these funds to LMIH and the County would do the same. The funds would be designated for use in Mountain View. The County Board of Supervisors (BOS) is requesting the Council take action by June 16, 2014 if it will be committing these funds. This is within one year of the BOS resolution.

These funds were received in Fiscal Year 2012-13 and have already been allocated back to the General Operating Fund. Therefore, if the Council chooses to commit these funds, the funds would have to be identified as an allocation from the Fiscal Year 2013-14 carryover funds and would supplant other funding allocations or reduce the balance available.

### Ongoing Funds

Cities are being asked to dedicate 20.0 percent of its residual distributions to affordable housing annually. If the City adopts this policy, the County will match the commitment. There is no specific deadline associated with this request.

The City has a comprehensive plan to wind down the affairs of the former Authority and, therefore, 100.0 percent of the previous tax increment will be distributed to the taxing entities, including the City. For Fiscal Year 2014-15, the total tax increment for the former Authority is projected to be \$4.8 million and the City's share is approximately \$700,000. The request is for 20.0 percent of the funds returned to the City or approximately \$140,000 annually.

However, with the dissolution of the former Authority, there were financial impacts and costs that have been reallocated to the General Operating Fund. Therefore, if the Council chooses to participate and return boomerang funds on an annual basis, staff recommends the net funds, not gross funds, should be allocated. For Fiscal Year 2014-15, the net funds to the General Operating Fund are approximately \$255,000 and 20.0 percent would equate to \$51,000 annually.

## **FISCAL IMPACT**

The General Operating Fund recommended budget for Fiscal Year 2014-15 includes the full \$700,000 that is projected to be distributed to the City from the previous tax increment of the former Authority. If the Council chooses to adopt a policy to commit 20.0 percent of these funds to LMIH, this would reduce GOF revenues and operating balance by approximately \$140,000. If the Council chooses to commit 20.0 percent of the net funds distributed to the GOF, this would reduce the GOF revenues and operating balance by approximately \$51,000.

If the Council chooses to commit the one-time funds received in Fiscal Year 2012-13 of LMIH funds of \$140,799, then funds would need to be reallocated from the Fiscal Year 2012-13 carryover.

PJK/9/FIN  
546-04-29-14M-E

Exhibit: A. Letter Dated March 20, 2014



March 10, 2014

Dear Mayor Chris Clark and City Manager Dan Rich:

At the February 13<sup>th</sup> Board of Directors Meeting, the Cities Association of Santa Clara County unanimously voted to initiate regional efforts in support of increasing funds for affordable housing in our communities. Based on a white paper co-authored by the Cities Association and Housing Trust Silicon Valley addressing the state of affordable housing in Santa Clara County, Board Members endorsed moving forward on a recommended strategy that pertains to “boomerang” redevelopment funds. We are writing to encourage your City to consider setting aside its boomerang funds to help address our County’s persistent affordable housing needs.

Santa Clara County Cities deserve much praise for the leadership they have demonstrated in building affordable homes. Your city in particular has provided affordable housing through the development of Franklin Street Family Apartments, the recent passage of the housing impact fee, and an increase in your jurisdiction’s commercial impact fee. When it comes to affordable housing, cities in Santa Clara County can be proud. Thank you for Mountain View’s role in taking this issue very seriously.

Unfortunately, in 2012, the State of California eliminated redevelopment agencies and with it, a significant source of funding for affordable homes. This fast-tracked policy decision created many problems for cities across the State. These problems were compounded by an uncompromising Department of Finance, negatively impacting city general funds, and created a deep hole in our ability to fund affordable homes.

While we understand the complications and hardship caused by the dissolution of redevelopment, we also remain committed to affordable housing. There are many proposals to minimize the problem and advocates are pursuing an “all of the above” strategy. No one funding source is going to regenerate the \$1 billion statewide that was lost, annually, but if we can gather together enough sources of funding, we can create the homes needed to serve lower income families and individuals.

Boomerang funds include two streams of revenue available through the dissolution of Redevelopment Agencies. They include the one-time swept funds that were available in Low and Moderate Income Housing Fund accounts unencumbered and they include the ongoing 20%

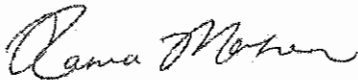


of property tax revenue that used to be set aside for affordable homes. Several cities and counties have already decided to dedicate both sources, voluntarily, to affordable housing – San Mateo, the County of Santa Clara, Emeryville, Redwood City and others. We would like your city to consider doing the same.

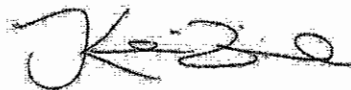
We're in the early stages of starting this conversation with cities and would welcome the opportunity to vet how this idea could be applied to your city. Housing Trust Silicon Valley and Silicon Valley Leadership Group are working with the Cities Association on this important effort. This effort is an opportunity for us to move forward and create structural incentives that will help us address the challenges of affordable housing in our region. We look forward to scheduling a meeting in the next month to explore this further. In the meantime, if you have any questions or comments please feel free to contact either Raania Mohsen, Executive Director of the Cities Association; Kevin Zwick, CEO of Housing Trust Silicon Valley; or Shiloh Ballard, VP of Housing and Community Development at Silicon Valley Leadership Group.

Thank you for your consideration.

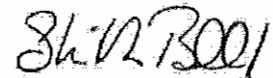
In Partnership,



Raania Mohsen  
Cities Association of SCC  
408-730-770  
executive\_director@citiesassociation.org



Kevin Zwick  
Housing Trust Silicon Valley  
408-436-3450  
kevin@housingtrustsv.org



Shiloh Ballard  
SVLG  
408-501-7859  
sballard@svlg.org

CC: Cities Association Board of Directors (Rich Waterman, Rod Sinks, Peter Leroe-Munoz, Jarrett Fishpaw, Gary Waldeck, Joe Pirzynski, Jose Esteves, Burton Craig, Steve Tate, Margaret Abe-Koga, Greg Scharff, Sam Liccardo, Jamie Matthews, Emily Lo, Jim Griffith)

### Boomerang Fund Policy Details

With the dissolution of RDA's in 2012, funding for affordable housing has decreased significantly and has made it challenging for jurisdictions to meet the needs of their communities. In 2013, the Cities Association and Housing Trust Silicon Valley co-authored a white paper addressing the state of affordable housing in Santa Clara County and highlighted several strategies that cities could implement to rebuild an affordable housing funding base once again. The first of these recommended strategies was for cities to rededicate a portion of former tax increment funds, also known as former RDA funds or residual distributions, now coming back to the cities, county, and other taxing agencies.

In Santa Clara County, there are nine cities that had RDA's and are thus eligible for boomerang funds. Cities eligible for boomerang funds include: Campbell, Cupertino, Los Gatos, Milpitas, Morgan Hill, Mountain View, Santa Clara, and Sunnyvale. Even though San Jose had an RDA, it is currently not eligible for boomerang funds because of its successor agency's insolvency; all of their funds are dedicated to the payment of debt.

When speaking of boomerang funds, there are two separate streams of revenue that are applicable:

- (1) **one-time distributions**, which were funds available in Low and Moderate Income Housing Fund accounts unencumbered; and
- (2) **ongoing residual distributions** (funds received after payment of prior debt) that occur twice a year.

Regarding the one-time funds:

- Cities are being asked to adopt policies dedicating up to 100% of their one-time funds that have already been received and directed into their general funds.
- SCC BOS has adopted this policy and would like to match each city's commitment of resources if adopted by June 16, 2014 (within one year of the BOS's resolution).
- It is not a process to "apply" for funds, a requirement to determine how to expend the funds, or a requirement that cities agree to any specific projects.
- Rather, the policy seeks to ensure that cities are similarly committing non-housing general fund resources to affordable housing.
- The goal is to incentivize and leverage a meaningful amount of funds for affordable housing projects.
- It will be matched on a "city-by-city" basis according to percentage of funds dedicated.

Regarding the ongoing funds:

- Cities are being asked to adopt a policy dedicating 20% of its residual distributions to affordable housing annually.
- The SCC BOS has adopted a policy dedicating a percentage share (up to 20%) of their residual distributions to affordable housing purposes and plans to match the commitment of resources to cities that adopt similar policies.

- This is a similar matching concept to the one-time funds. However, there is no specific deadline for cities to start doing this. Instead, non-matched funds are released to the general fund on an annual basis.
- Cities can adopt this policy at any time.

#### Other Details:

- In either case, cities can take action by dedicating funds into a reserve for affordable housing.
- Decisions regarding what projects to fund (or potentially dedicating such funds to a new countywide housing JPA) would be made by the relevant governing bodies at the appropriate time.
- The policy is not applicable to some cities. For example, and most significantly, San José's Successor Agency is insolvent, i.e., 100% of funds are going towards debt service. That means that the County (and the City of San José) has received no one-time or ongoing funds as a result of the dissolution, and so there's nothing to "boomerang" back for housing or anything else. Somewhat similarly, Sunnyvale never made any 20% set aside funds, so there were no one-time affordable housing funds that were distributed to the County (or the City).
- Once funds are dedicated, they can be directed to housing projects, potential JPA, the state's Matching Local Housing Trust Fund program that provides grants up to \$1,000,000 to Housing Trust Funds, leverage debt service funds, etc.,
- Bottom line: dedicating funds is an opportunity to leverage dollars and bring back money for affordable housing projects within cities and the region.

#### One-Time Funds Available Countywide:

Successor Agency	DOF Ordered Amount – County's GF Share	DOF Ordered Amount – City's GF Share	Status
Campbell	\$873,776	\$627,806	Received
Cupertino	\$0	\$0	N/A
Los Gatos	\$754,322	\$578,298	Received
Millpitas	\$878,028	\$1,001,587	Received
Morgan Hill	\$0	\$0	N/A
Mountain View	\$135,617	\$140,799	Received
San José <sup>1</sup>	\$0	\$0	N/A
Santa Clara (est.) <sup>2</sup>	\$8,140,000	\$5,826,000	Partially Received
Sunnyvale <sup>3</sup>	\$0	\$0	N/A
<b>TOTAL</b>	<b>\$10,781,743</b>	<b>\$8,174,490</b>	

<sup>1</sup> Because of its insolvency, all funds for San José were dedicated to the payment of debt.

<sup>2</sup> The City of Santa Clara is on a payment plan to fully pay the amount owed. Approximately \$2 million is still outstanding, so the amounts are estimated with that sum included.

<sup>3</sup> Sunnyvale RDA never made any set-aside of funds for affordable housing.

## Summary of Residual Payments to Affected Taxing Entities as a Result of Redevelopment Agency Dissolution

Information based on reports submitted by county auditor-controllers to the Department of Finance as of December  
3, 2013

County Name	Agency Name	Total Residuals (All Funds)	City	County	Special Districts	K-12 School	California Community College (CCC)	County Office of Education (COE)	Education Revenue Augmentation Fund (ERAF)
Santa Clara	Campbell	9,823,274	997,687	1,479,331	596,810	4,117,464	794,873	339,865	1,497,243
Santa Clara	Cupertino	818,252	14,061	114,257	173,371	338,646	52,111	25,426	100,380
Santa Clara	Los Gatos	16,242,005	1,612,079	2,087,251	2,929,125	5,807,386	1,246,602	492,739	2,066,823
Santa Clara	Milpitas	30,090,619	4,723,772	4,343,823	1,599,545	11,949,416	1,937,554	943,031	4,593,478
Santa Clara	Morgan Hill	25,719,852	2,547,891	4,006,125	1,640,105	11,242,215	1,429,026	861,438	3,993,051
Santa Clara	Mountain View	5,613,303	812,481	811,341	891,891	1,781,413	356,701	192,008	767,468
Santa Clara	San Jose	-	-	-	-	-	-	-	-
Santa Clara	Santa Clara	-	-	-	-	-	-	-	-
Santa Clara	Sunnyvale	11,536,569	1,472,974	1,796,330	671,179	4,654,225	823,084	419,777	1,699,000
Santa Clara County Total		99,843,874	12,180,944	14,638,458	8,502,028	39,890,766	6,639,950	3,274,284	14,717,444

This summary includes the total actual residual payments to affected taxing entities (ATEs), as reported by the county auditor-controllers (CACs) in each county, as a result of redevelopment agency dissolution. Note that this summary does not include all residuals payments that have been made to the ATEs as there is commonly a delay between when the residual payments are made and when they are reported to the Department of Finance. Also note that this summary will be periodically updated as reports are received from the CACs.

Date: April 17, 2014

To: Mountain View City Council

From: Mountain View Sister City Affiliation (MVSC)

Subject: 40<sup>th</sup> Anniversary MVSC with Iwata, Japan & City of Mountain View and Budget

=====

On February 7, 2015 the Mountain View Sister City Affiliation (MVSC) will at our Annual Dinner celebrate the 40<sup>th</sup> Anniversary with our Sister City in Iwata, Japan. This will include the hosting of ten (10) guests from Iwata (including the Mayor of Iwata) for a four (4) day, three (3) night 40<sup>th</sup> Anniversary Celebration visit in Mountain View.

We have also confirmed that Mike Inouye NBC Bay Area Traffic Reporter will serve as our MC. Mike is a local guy who was a former MVSC Exchange Student that attended MV High School.

The Iwata Sister City Affiliation has shared with us that a delegation, including the Mayor of Iwata, will be visiting Mountain View to join us in this celebration. With the exception of the Mayor some of those visiting would like to have home stays.

To contain the costs and the number of Home Stays the MVSC Affiliation will be asking the Iwata Sister City Affiliation limit the number of delegates visiting to 10 (including the Mayor).

This summer, in July, our current Exchange Students and their Advisor will be visiting Iwata for 2 weeks. This will give our Student Exchange Advisor the opportunity to hear the questions, concerns and expectations from the Iwata Sister City about their visit to Mountain View.

The Iwata City protocol is always for the Exchange Students and Advisor to have a personal meeting with the Mayor. Giving our Advisor the opportunity to share with the Iwata Mayor that the MVSC and City Council look forward to his visit in February celebrating the 40<sup>th</sup> Anniversary of our Sister City Anniversary.

The attached Proposed Budget for the 40<sup>th</sup> Anniversary Celebration is for \$7,875 and we are requesting support from the City of Mountain View for an amount not to exceed \$5,000. Our goal is to work with the City Clerk's Office and the City Manager's Office to reduce all expenses.

In Japan the Sister City Programs are a normal part of the City Budget and their expectation is that the City will provide & plan all elements of the celebration visit. We share with them that this is not the same in the United States but that does not mean that we do not have the support of the City and the Mayor and City Council.

This 40<sup>th</sup> Iwata Sister City Anniversary Budget includes what we feel is an important element– sharing with our community. Which will include:

- a) City Hall Rotunda Display

b) Library Display:

Sharing with the community Items donated from Iwata, Japan such as during the

Mountain View Centennial Iwata donated 100 Japanese books to Mountain View having donated the Rock Garden when the Library was built and later benches in Pioneer Park celebrating Anniversaries of our Sister City relationship.

Starting in September 2014, MVSC will begin to seek students for the 2015/2016 Student Exchange Program. The 2015 Annual Dinner will as always have a Silent Auction element. However, the Mountain View Sister City has always dedicated 100% of the dollars collected from the Silent Auction to the Student Exchange Program.

If you have any questions please feel free to let us know. Regret that because of personal plans I will be out of town but we will have a MVSC representative from the MVSC Board at the Study Session to answer any questions.

Respectfully submitted,

*Pat Figueroa*

Patricia Figueroa

MVSC President

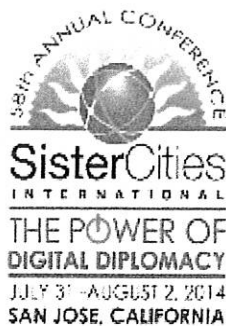
[patfig@ix.netcom.com](mailto:patfig@ix.netcom.com)

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FIASD

January 31, 2014

Mayor Chris Clark  
500 Castro Street  
P.O. Box 7540  
Mountain View, CA 94040



Dear Mayor Chris Clark:

We request the City of Mountain View join as a \$500 community sponsor for the **2014 Sister Cities International Annual National Conference and Leadership Meeting** to be held in San Jose, California from July 31<sup>st</sup> to August 2<sup>nd</sup>, 2014. Being held in California for the first time since 1997, the 44 member NORCAL Chapter of *Sister Cities International* is serving as the Regional Host Organizing Committee.

As you may know, *Sister Cities International* was founded in 1956 and is the oldest and largest citizen diplomacy national network in the world with over 550 US cities with 2000 sister city/county relationships in 146 countries on 6 continents. California is the largest network of over 300 twinning relationships within the national citizen diplomat volunteer movement. As President Eisenhower envisioned, our mission is to promote world peace and prosperity one individual, one community at a time by mutual respect, understanding and cooperation. Working with the US Department of State Office of Global Partnership, these local sister community endeavors build strong bonds through economic development projects, educational and environmental programs, arts and cultural activities as well as municipal, youth and sports exchanges.

This year, *Sister Cities International* celebrates its **58th Anniversary National Conference** which will also include a Youth Summit component. The conference will focus on the theme, "**The Power of Digital Diplomacy**". We expect to bring together approximately 1000 elected and community leaders and over 200 youth delegates from more than 30 countries. Attendees will include national leaders, international diplomats, mayors, local elected officials, city managers, business executives and educators, as well as community leaders and public benefit corporation executives.

Holding the conference in San Jose, the original capital of California in the Valley of Heart's Delight and now the capital of Silicon Valley, highlights Northern California's unique role as the headquarters of today's high technology corporations, especially in the fields of digital and social media technology. As a Northern California community leader, you well appreciate the role of all communities in the greater Silicon Valley area in incubating and supporting today's global digital technology giants.

As the local partner of each Annual Conference, the Host Organizing Committee plans and funds the Conference's traditional Welcome Reception on the evening of the opening day. This year, we intend to showcase the wines and ethnic cuisine diversity of the entire Northern California region. In this regard, we are asking each city member of the NORCAL Chapter to contribute a \$500 shared cash sponsorship.

If you have any questions, please contact Debi Davis, President of the NORCAL Chapter at [debid56@comcast.net](mailto:debid56@comcast.net) or 408-687-0331 or Tim Quigley, HOC Managing Chair, at [inquigley@aol.com](mailto:inquigley@aol.com) or 408-891-6151

Thank you for your support.

Ash Kalra  
San Jose Council Member  
City Host Co-Chair

Debi Davis  
Santa Clara Council Member  
SCI NorCal Host Co-Chair

Stephen T. "Tim" Quigley, Jr.  
Managing Chair  
Host Organizing Committee

cc: City Manager Dan Rich, City Clerk Lorrie Brewer

E-MAIL  
Supervisor.Simitian@bos.sccgov.org

WEBSITE  
www.supervisorsimitian.com

# County of Santa Clara

70 West Hedding Street  
10<sup>th</sup> Floor, East Wing  
San Jose, CA 95010  
(408) 299-5050  
Fax (408) 280-0418



## **SUPERVISOR S. JOSEPH SIMITIAN FIFTH DISTRICT**

April 21, 2014

Dan Rich  
City Manager  
City of Mountain View  
500 Castro Street  
Mountain View, CA 94039

Dear Mr. Rich:

I write to request the City's participation in a project I am proposing to reduce deaths resulting from sudden cardiac arrest (SCA) in Mountain View. When the Board of Supervisors meets to consider the fiscal year 2015 County budget, I intend to request \$50,000 in County funds to match \$50,000 from other sources in order to increase the coverage of automatic external defibrillators (AEDs) in the City. It is my hope that the City of Mountain View will contribute \$25,000 to this effort. The City would receive a number of AEDs commensurate with its contribution for use in police patrol cars.

Each year, more than 320,000 Americans die of SCA—one death about every two minutes. Sudden cardiac arrest occurs when the heart suddenly and unexpectedly stops beating, and thus stops pumping blood to the brain and other vital organs. Death can occur within minutes if the heart does not start beating again. However, chances of survival can be vastly improved by intervention with an AED, which can provide an electronic shock to a stopped heart in order to restore a normal heart rhythm. The current generation of AEDs are user-friendly, provide simple audio and visual instructions, and are designed for use by laypersons.

For this pilot project, a nonprofit called Racing Hearts will purchase approximately 40 AEDs and place them in Mountain View. My office and I are working with Racing Hearts, the City of Mountain View, and senior staff from the Public Health Department to identify locations where the devices would provide the greatest possible utility.



I believe we have an opportunity to save lives and I appreciate the City's consideration of this partnership. Should you or members of the City Council have any questions or concerns, please feel free to contact me at (408) 299-5050.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Joseph Simitian', with a stylized, flowing script.

S. Joseph Simitian  
Supervisor, District Five

cc: Sara Cody, MD, Santa Clara County Health Officer  
Michael Petrie, Santa Clara County EMS Director  
Stephanie Martinson, Racing Hearts  
Brenda Taussig, El Camino Hospital



## CITY OF MOUNTAIN VIEW

**MEMORANDUM**

Fire Department

**DATE:** April 29, 2014

**TO:** City Council

**FROM:** Jaymae Wentker, Fire Marshal  
Bradley C. Wardle, Fire Chief

**VIA:** Daniel H. Rich, City Manager

**SUBJECT:** 219102/Multi-Family Housing Inspection Program Internal Audit

Implementation of the Multi-Family Housing Inspection Program has remained relatively static since the formation of the program in 1976, with multi-family housing properties routinely inspected once every four or eight years. The most significant change to the inspection program occurred in 2004 when staffing was reduced to one FTE. At that time, the routine inspection frequency was changed to once every five years for approximately 400 properties and a Self-Certification Program implemented for the remaining 250 properties.

To evaluate the efficacy of the Self-Certification Program currently set forth in the Multi-Family Housing Inspection Program, MVCC Chapter 25, the Fire Department is requesting \$158,000 in limited-period funding, allocated from the Development Services Fund, for additional human resources to aid in conducting an internal audit/reassessment of this program. This limited-period request will fund two positions: a three-quarter-time (0.75 FTE) contract Building Inspector as well as a half-time (0.5 FTE) Office Assistant for the purpose of assisting staff with the internal audit/reassessment, and potential reset, of the Multi-Family Housing Self-Certification Program.

We propose acquiring the services of a contract Building Inspector and an Office Assistant for limited-period services to increase inspection capabilities and infuse program efficiencies during the Fiscal Year 2014-15 audit/reassessment period. Our goal is to inspect each self-certification property (approximately 250) in Fiscal Year 2014-15 to assess the current habitability and overall fire and life safety condition, and ultimately prescribe a pragmatic inspection frequency for these properties which is consistent with the inspection methodology currently implemented for the remaining properties in the program. The half-time Office Assistant will assist with scheduling multi-family housing inspections, maintaining the inspection database, and preparing

and mailing inspection reports and other information pertinent to the inspection program. Additionally, the Office Assistant will provide needed support to the Fire Marshal and Fire and Environmental Protection Division with general clerical support and completing several critical projects related to the reorganization and restructure:

- Preparing fire prevention inspection files for Laserfiche;
- Purging multi-family housing and hazardous material facility records;
- Aligning all current and archived records with the newly established Record Retention Schedule; and
- Preparing existing microfiche records for Laserfiche.

With assistance of the additional human resources, we also plan to analyze the following fundamental components of the Multi-Family Housing Inspection Program to further identify areas for program enhancements and efficiencies:

- Inspection scheduling methodologies;
- Replacement options for the current inspection database; and
- Evaluation of field-based technology.

Upon completing the program audit, a comprehensive report of the audit findings will be prepared and presented to the City Manager for further discussion and direction.

#### Breakdown of Limited-Period Funding:

0.75 FTE Contract Building Inspector:	\$110,000
0.5 FTE Office Assistant:	<u>47,500</u>
Total Limited-Period Funding:	<u>\$157,500</u>

It should be noted that for Fiscal Year 2012-13 the annual fees collected from the Multi-Family Housing Inspection Program were \$173,000. If results of the program audit support the need for additional resources to increase the inspection frequency and/or manage workload capacity, fee increases and/or alternative revenue sources will be required for additional cost recovery of staff services.

## Comparison of Current and Recommended Utility Rates

Single Family		13-14	14-15	Difference	% Change *
Water	(10 units)	\$ 54.46	57.92	3.46	6.3%
Sewer		26.10	27.15	1.05	4.0%
Trash	(1 32-gal cart)	<u>22.60</u>	<u>23.30</u>	<u>0.70</u>	3.1%
Total monthly bill:		\$ 103.16	108.37	5.21	5.1%

Multi-Family (4-plex)		13-14	14-15	Difference	% Change
Water	(30 units)	\$ 148.62	158.90	10.28	6.9%
Sewer		104.40	108.60	4.20	4.0%
Trash	(4 32-gal carts)	<u>90.40</u>	<u>93.20</u>	<u>2.80</u>	3.1%
Total monthly bill:		\$ 343.42	360.70	17.28	5.0%

Apartment Complex (120 units)		13-14	14-15	Difference	% Change
Water	(830 units)	\$ 3,899.20	4,169.40	270.20	6.9%
Sewer		3,132.00	3,258.00	126.00	4.0%
Trash	(ten 3 Yd Bins)	<u>3,686.95</u>	<u>3,724.10</u>	<u>37.15</u>	1.0%
Total monthly bill:		\$ 10,718.15	11,151.50	433.35	4.0%

Commercial		13-14	14-15	Difference	% Change
Water	(60 units)	\$ 352.35	374.65	22.30	6.3%
Sewer		204.00	213.00	9.00	4.4%
Trash	(one 3 Yd Bin)	<u>336.95</u>	<u>340.35</u>	<u>3.40</u>	1.0%
Total monthly bill:		\$ 893.30	928.00	34.70	3.9%

\*Note: Due to rounding to the next penny or nickle, actual increase may be slightly higher.  
These are samples, actual effect is dependant on customer's service level.

**Residential Services - Single Family**  
**Water (1)                  Sewer                  Trash (2)**

				Avg Mthly Bill
Mountain View				
Current	54.46	26.10	22.60	103.16
Proposed	57.92	27.15	23.30	108.37
% Increase	6.4%	4.0%	3.0%	
Palo Alto				
Current	69.22	29.31	41.54	140.07
Proposed	69.22	29.31	41.54	140.07
% Increase	0.0%	0.0%	0.0%	
Sunnyvale				
Current	39.44	33.73	32.91	106.08
Proposed	41.39	36.77	34.88	113.04
% Increase	4.9%	9.0%	6.0%	
Cal Water Rate				
FY 2013-14	52.40	(3)		
FY 2014-15	53.10	(4)		
% Increase	1.3%			

(1) Based on 10 units of water plus meter charge. Mountain View's meter charge for single family is for both 5/8 and 3/4 inch meter sizes. Sunnyvale, Palo Alto and Cal Water have separate rates. This comparison uses the lower 5/8 inch meter rate.

(2) Mountain View and Palo Alto based on 32-gallon, Sunnyvale based on 35-gallon. Mountain View has biweekly recycling pick-up; Palo Alto and Sunnyvale have weekly recycling pick-up.

(3) Rate in effect as of 3/1/13.

(4) Rate in effect as of 4/15/14.

# **Residential Services - Multi-Family (4-plex)**

	<b>Water (1)</b>	<b>Sewer</b>	<b>Trash (2)</b>	<b>Avg Mthly Bill</b>
Mountain View				
Current	148.62	104.40	90.40	343.42
Proposed	158.90	108.60	93.20	360.70
% Increase	6.9%	4.0%	3.0%	
Palo Alto				
Current	223.92	117.24	166.16	507.32
Proposed	223.92	117.24	166.16	507.32
% Increase	0.0%	0.0%	0.0%	
Sunnyvale				
Current	168.92	87.08	131.44	387.44
Proposed	177.37	94.92	139.32	411.61
% Increase	5.0%	9.0%	6.0%	

(1) Based on 30 units of water plus meter charge.

(2) Mountain View and Palo Alto based on 32-gallon, Sunnyvale based on 35-gallon.

Mountain View has biweekly recycling pick-up; Palo Alto and Sunnyvale have weekly recycling pick-up.

# **Residential Services - Apartment Complex (120 units)**

	<b>Water (1)</b>	<b>Sewer</b>	<b>Trash (2)</b>	<b>Avg Mthly Bill</b>
Mountain View				
Current	3,899.20	3,132.00	3,686.95	10,718.15
Proposed	4,169.40	3,258.00	3,724.10	11,151.50
% Increase	6.9%	4.0%	1.0%	
Palo Alto				
Current	5,414.22	3,517.20	5,257.24	14,188.66
Proposed	5,414.22	3,517.20	5,257.24	14,188.66
% Increase	0.0%	0.0%	0.0%	
Sunnyvale				
Current	6,044.30	2,612.40	3,846.95	12,503.65
Proposed	6,344.56	2,847.60	4,077.70	13,269.86
% Increase	5.0%	9.0%	6.0%	

(1) Based on 830 units of water plus 4" meter charge.

(2) Based on nine 3-yard 1x/week and one 3-yard 2x/week. Mountain View has biweekly recycling pick-up; Palo Alto and Sunnyvale have weekly recycling pick-up.

Commercial Services				
	Water (1)	Sewer	Trash (2)	Avg Mthly Bill
Mountain View				
Current	352.35	204.00	336.95	893.30
Proposed	374.65	213.00	340.35	928.00
% Increase	6.3%	4.0%	1.0%	
Palo Alto				
Current	451.39	339.00	480.38	1,270.77
Proposed	451.39	339.00	480.38	1,270.77
% Increase	0.0%	0.0%	0.0%	
Sunnyvale				
Current	267.57	199.80	351.61	818.98
Proposed	280.76	217.80	372.70	871.26
% Increase	4.9%	9.0%	6.0%	

(1) Based on 60 units of water plus 2" meter charge.

(2) Based on one 3-yard 1x/week. Mountain View has biweekly recycling pick-up;  
Palo Alto and Sunnyvale have weekly recycling pick-up.





## CITY OF MOUNTAIN VIEW

**MEMORANDUM**

Public Services Department

**DATE:** April 29, 2014**TO:** City Council**FROM:** Gregg A. Hosfeldt, Assistant Public Works Director  
Michael A. Fuller, Public Works Director**VIA:** Daniel H. Rich, City Manager**SUBJECT:** Palo Alto Regional Water Quality Control Plant Long-Term Plan

The purpose of this memorandum is to summarize the findings of a long-term regional water quality control plant facilities plan conducted by the City of Palo Alto.

**BACKGROUND**

The Palo Alto Regional Water Quality Control Plant (PARWQCP) provides wastewater treatment services for the cities of Palo Alto, Mountain View, and Los Altos, and Los Altos Hills, Stanford University, and the East Palo Alto Sanitary District. In 1968, the cities of Mountain View and Los Altos agreed to retire their treatment plants and partner with the City of Palo Alto to construct a regional secondary treatment plant which began operation in 1972. The agreement expires in 2035 and states Palo Alto is the owner and operator of the plant.

The PARWQCP is an advanced treatment facility that uses a multi-stage process to remove organic materials and toxins from the approximately 22 million gallons a day of wastewater generated within the service area. At the conclusion of the treatment process, the dewatered solids are incinerated. The treated effluent is predominantly discharged to the San Francisco Bay and meets the stringent discharge requirements as well as the requirements for reuse in recycled water applications.

In 2010, the PARWQCP initiated a long-range facilities plan (Plan) to review existing and future (50-year time frame) capacity needs, plant condition and deficiencies, the impacts of potential regulatory changes, alternatives to the existing solids incineration and liquid treatment processes, site layouts for plant improvements and potential expansion, and a tentative financial plan for implementation. Following is a summary of significant Plan recommendations and preliminary cost estimates.

## **STUDY FINDINGS**

### **Solids Processing**

The 40-year-old incinerators (used to process dewatered solids from the waste stream) are at or near the end of their useful life, and the incinerators and incinerator building are susceptible to earthquake damage. Replacement incinerators must meet more stringent regulations, necessitating a complex operation and the potential to violate air quality standards. Incineration also produces ash classified as a hazardous waste requiring special disposal, and the public has expressed concern regarding incinerator use.

The Plan includes a recommendation to retire the incinerators as soon as a new solids process can be implemented. PARWQCP staff is currently reviewing treatment and disposal options, including on-site dewatering and hauling solids off-site for processing or disposal, allowing the PARWQCP to decommission the incinerators by 2019. A future phase of solids processing would include on-site anaerobic digestion and electricity generation. The development and construction of a solids processing facility will be a complex project and is being conducted as a separate effort from other replacement and rehabilitation work. Staff anticipates providing to Council a project update in late 2014.

### **Plant Rehabilitation**

The Plan included a condition assessment of equipment and facilities. The existing liquid treatment process is working well and meeting regulatory requirements, but much of the treatment equipment is nearing the end of its useful life and will be replaced or need major rehabilitation. Numerous projects will be initiated by 2022. The total estimated cost of the projects is \$78.0 million. Table 1 lists anticipated projects, tentative start dates, and estimated costs.

**Table 1**

<b>Project</b>	<b>Project Start Date</b>	<b>Estimated Project Cost, millions</b>
Electrical/Power/Support Facilities	2012	\$2.8
Primary Sedimentation Tanks Structure	2014	\$7.3
In-Plant Piping	2014	\$2.1
Collection System Modeling	2015	\$0.5
Secondary Clarifiers Structure	2015	\$1.5
Dual Media Filter Equipment	2016	\$0.5
Dual Media Filter Structure	2016	\$0.6
Fixed Film Reactors Structure and Equipment	2017	\$19.4
Sludge Thickeners Structure	2017	\$1.0
Sludge Thickeners Equipment	2017	\$1.5
Aeration Basins Equipment	2019	\$1.7
Aeration Basins Structure	2019	\$2.5
Secondary Clarifiers Equipment	2021	\$6.1
Joint Interceptor Sewer	2022	\$30.8
<b>Total</b>		<b>\$77.7</b>

### Regulatory Requirements

Through the planning horizon of 2062, the PARWQCP will need to address emerging regulations for emissions and greenhouse gas reductions, and discharge of nutrients (nitrogen and phosphorus) that can harm marine life. If the PARWQCP is subject to new regulations requiring reduced nutrient discharges, installation of new treatment equipment would be necessary. A summary of potential regulatory changes that may impact the PARWQCP is shown in Table 2. The estimated cost to address regulatory compliance is \$69.0 million.

**Table 2**

Topic	Issue	Potential Solution
Nutrient Removal	Federal and State consideration of nutrient removal regulations. Data collection and studies are ongoing to evaluate eutrophication of the Bay that may result in effluent limits.	Add processes and/or capacity to remove nutrients and maximize source control.
Microconstituents and Bioaccumulative Constituents	There is a trend of increasing regulation and it is anticipated that new effluent limits will be added to permits in the distant future.	Maximize removal through increased source control and pollution prevention programs. Consider advanced oxidation.
Recycled Water	State of California goal to increase water reuse to offset potable use.	Expand use of recycled water.
Biosolids	Landfilling of ash and land application of biosolids is becoming increasingly restricted and fewer landfills are accepting biosolids.	Consider diversifying biosolids management alternatives.
Incineration	EPA's new regulations impose strict requirements for new and modified incineration units. Based on this permitting cycle, these will only become more stringent.	Begin to diversify incrementally as opportunities arise and phase out the use of the current incinerators.
Air Emissions	New sewage sludge incineration (SSI) standards require RWQCP to apply for a Title V permit. Air emissions regulations increasing for standby engines.	Plan for increasingly stringent emissions requirements and need for emissions control equipment for stationary combustion facilities/engines.
Greenhouse Gases (GHG)	POTWs are not directly required to report GHG emissions but may need to report general stationary combustion emissions.	Monitor GHG emissions regulations and comply. Implement energy efficiency and green energy projects.

### Other Projects

In addition to solids processing and regulatory requirements, the Plan includes estimated costs for infrastructure replacement projects (Table 3), support facilities projects (Table 4), and recycled water projects (Table 5). Many of these projects are long-term plans (e.g., scheduled to begin in 2020 or later), and detailed planning for these efforts has not started.

**Table 3**

Summary of Recommended Replacement Project Costs		
Project	Project Start Date	Estimated Project Cost, millions
Headworks Facility (including Grit Removal System)	2020	\$38.9
Recycled Water Filters and Chlorine Contact Tank	2022	\$14.2
Recycled Water Piping	2022	\$1.3
<b>Total</b>		<b>\$54.4</b>

**Table 4**

<b>Summary of Recommended Support Facilities Project Costs</b>		
<b>Project</b>	<b>Project Start Date</b>	<b>Estimated Project Cost, millions</b>
Laboratory and Environmental Services Building	2014	\$17.9
Remodel Operations Building	2023	\$3.3
Expand Warehouse	2029	\$1.6
Remodel Maintenance Building	2034	\$1.7
<b>Total</b>		<b>\$24.5</b>

**Table 5**

<b>Summary of Recommended Recycled Water Projects</b>		
<b>Project</b>	<b>Project Start Date</b>	<b>Estimated Project Cost, millions</b>
Storage Tank and Booster Pump Station	2030	\$14.3
Ultrafiltration/Reverse Osmosis	2050	\$62.4
<b>Total</b>		<b>\$76.7</b>

## **FINANCIAL IMPACTS**

The total estimated cost of the projects identified in the Plan ranges from \$315.0 million to \$392.0 million (in 2015 dollars) (Table 6). Because the Plan is based on conservative assumptions of potential replacements, PARWQCP staff anticipates up to \$146.0 million of projects will not be necessary. Additionally, some routine replacements will be funded through the PARWQCP annual budget, and major projects such as solids treatment alternatives may be funded through low-interest, State revolving-fund loans or revenue bonds.

**Table 6**

<b>Project</b>	<b>Estimated Project Cost, millions</b>
Solids Handling Projects	\$13M - 89M
Replacement Projects	\$54M
Rehabilitation Projects	\$78M
Support Facilities Project	\$25M
Future Regulatory Requirement Projects	\$69M
Future Recycled Water Projects	\$77M
<b>Total</b>	<b>\$315 - 392M</b>

**NEXT STEPS**

The Plan includes numerous recommendations for rehabilitation and improvement projects. Major efforts such as developing a new process for solids processing and large facility replacements or rehabilitation will be treated as separate projects, and partner agencies will be an integral part of the design and approval process. As each project progresses, Public Works staff will review project recommendations and costs, provide updates, and seek Council approval, as necessary.

GAH-MAF/9/PSD

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